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LOSING PANAMA: THE IMPACT ON REGIONAL COUNTERDRUG CAPABILITIES

HEARING

BEFORE THE

SUBCOMMITTEE ON CRIMINAL JUSTICE, DRUG POLICY, AND HUMAN RESOURCES

OF THE

COMMITTEE ON GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

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LOSING PANAMA: THE IMPACT ON REGIONAL COUNTERDRUG CAPABILITIES

TUESDAY, MAY 4, 1999

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CRIMINAL JUSTICE, DRUG POLICY,
AND HUMAN RESOURCES,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 2154, Rayburn House Office Building, Hon. John L. Mica (chairman of the subcommittee) presiding.

Present: Representatives Mica, Barr, Gilman, Mink, Kucinich, and Burton [ex officio].

Staff present: Robert B. Charles, staff director and chief counsel; Gil Macklin and Sean Littlefield, professional staff members; Amy Davenport, clerk; Cherri Branson, minority counsel; and Jean Gosa, minority staff assistant.

Mr. MICA. I'd like to call this meeting of the House Subcommittee on Criminal Justice, Drug Policy, and Human Resources to order this morning, and welcome to our subcommittee.

We will begin this morning's hearing with opening statements. I will provide the first opening statement. Then I'll yield to our ranking member and other Members as they join us this morning.

Today, the subcommittee will address the situation that I believe is one of our Nation's No. 1 national security and social problems, the problem of illegal narcotics. Our primary focus today is to examine the status of the United States interdiction efforts in Panama and in the Western Hemisphere.

It's my contention that it is both common sense and cost-effective to stop illegal narcotics before they end up on our streets. In fact, every kilo of cocaine or high-purity heroin that is stopped before it reaches our ports and borders saves lives.

Just last week, General McCaffrey, our Nation's drug czar, testified before the Senate that drug traffickers in Colombia have discovered a new chemical process that will allow them to slip cocaine past drug-sniffing dogs and also past the eyes of Customs by manufacturing what is being termed "black cocaine." This is yet another example of no matter how strong our efforts are along our Nation's borders and on our Nation's streets, we will not stop cocaine and heroin unless we have a vigorous interdiction and eradication strategy.

One of the most crucial elements of our interdiction and eradication efforts has been the operations that the United States has headquartered from our bases in Panama. Unfortunately, failed

United States/Panama negotiations during the past couple of years, and due to the terms of the Carter-Torrijos treaty, future flights from Panama for the surveillance of narcotics interdiction purposes have been blocked.

On May 1, the United States ceased all narcotic surveillance flights from Howard Air Force Base in Panama. By the end of this year, the United States will have abandoned property consisting of about 70,000 acres and over 5,600 buildings. These assets have an estimated value somewhere in the neighborhood of $10 billion. What President Carter started in the late 1970's, President Clinton is finishing in the late 1990's with this takeover of all of the U.S. assets.

I would like to spend a moment explaining the importance of having a strong presence in this region. The United States has been conducting about 15,000 antinarcotics flights annually from Howard Air Force Base. These flights are the cornerstone of our counternarcotic efforts in this hemisphere. These flights make it possible for effective eradication and interdiction missions in source and also in the transit zones.

In the past few days, the administration has managed to hobble together several interim agreements to replace some of these counternarcotic missions. Interim agreements with the Caribbean island nations of Curacao and Aruba, as well as an agreement with Equador, are being pieced together. Reportedly, the administration is also working out at this time an agreement with Costa Rica.

I look forward to hearing an update on the progress of these matters from DOD today as they provide us with their plan to have these bases fully operating. Hopefully, we can avoid a near-term gap and without the damaging loss of critical coverage for the strategic mission.

We also need to hear today from the State Department on both the handling of the interim agreements and to learn about the progress on status of long-term agreements with these nations that will be our host for this mission in the future. Unfortunately, in both the near term and long term, our interdiction capabilities may be greatly diminished. By SOUTHCOM's own admission, the FOLs in Curacao, Aruba and Ecuador may provide only 70 to 80 percent of the coverage that we've had formerly with Howard Air Force Base in our operations out of Panama.

I'm also concerned about the costs related to this move. DOD estimates that the costs for upgrade and repair for the four FOLs will—and this new location effort will cost anywhere from $70 to $100 million. Additionally, Congress may foot the bill, with estimates as high as $200 million, to complete the upgrades and repairs at the base in Manta, Ecuador.

A full DOD assessment and proposal still needs to be completed. This assessment, as well as long-term agreements or concrete plans for filling this surveillance gap, must be completed expeditiously.

Our second panel today will deliver an appraisal of what the impact of the United States departure from Panama will mean to the citizens of Panama, the safety of the canal, the stability of the region and, most particularly, our efforts to curtail illegal narcotics production and trafficking in that region.

At this time, we all know there's a full-scale guerrilla war going on, primarily financed by the narcotics trade which is raging south of Panama in the Republic of Colombia. There have been many news reports of recent FARC activities in Panama's southern Darien region. In fact, the FARC captured three New Tribes missionaries in the Darien province in 1993. They happened to be representatives of the New Tribes Mission which is in my district. So I followed that case very closely and that situation. These missionaries, in fact, remain unaccounted for to this day.

With guerillas already based in Panama and with the United States withdrawal this year, we anticipate further incursions into Panama and additional narcoterrorist activities. In the aftermath of the United States efforts in Panama 10 years ago to go after General Noriega who was involved in illegal narcotics trafficking, we ensured that corrupt—that the corrupt Panamanian military organization was dissolved, and now the security of Panama is in the hands of an institutionally weak police force. Even as they celebrate the election of a new leader this past weekend, these are some of the challenges that they face in the months and years ahead.

I'm frankly concerned that the FARC will move further north than they previously have and create a more unstable situation in Panama. I'm also concerned that the United States will be back in Panama at some time in the future, and possibly at a great cost and sacrifice, to preserve the sanctity of the canal and protect our national interests, including what I foresee as potential for more trafficking in illegal narcotics, more money laundering, more corrupt activities in the Panama region.

With cessation of our antinarcotics flight from Panama this past weekend and given the history of illegal narcotics trafficking in that country, we face a serious challenge in the months ahead. Hopefully, today's hearing will shed light on where we are in that region and what's being done to protect American interests.

I do want to yield at this time to the ranking member of our subcommittee, Mrs. Mink. Mrs. Mink, myself, and other members of the subcommittee traveled to Panama earlier this year and obtained firsthand a briefing on what was taking place at that time, and I think that this hearing is a very important and responsible followup to those efforts in making certain that we have this matter well under control and conduct proper oversight of what our agencies are doing to deal with this transition.

So, at this time, I'd like to yield to Mrs. Mink. Thank you.

[The prepared statement of Hon. John L. Mica follows:]

Opening Statement of Chairman John L. Mica
Subcommittee on Criminal Justice, Drug Policy and Human Resources
"Losing Panama: The Impact on Regional Counterdrug Capabilities"
May 4, 1999

Today, this Subcommittee will address a situation that is one of our nation's number one national security and social problems, the problem of illegal narcotics.

Our primary focus today is to examine the status of U.S. interdiction efforts in Panama and in the Western Hemisphere. It is my contention that it is both common-sense and cost-effective to stop illegal narcotics before they end up on our streets. Every kilo of cocaine or high-purity heroin that is stopped before it reaches our porous borders saves lives.

Just last week, General McCaffrey, the nation's Drug Czar, testified before the Senate that drug traffickers in Colombia have discovered a new chemical process that will allow them to slip cocaine past drug-sniffing dogs and the eyes of Customs by manufacturing what is being termed "black cocaine."

This is yet another example that no matter how strong our efforts are along our nation's borders and on our nation's streets, we will not stop cocaine and heroin unless we have a vigorous interdiction and eradication strategy.

One of the most crucial elements of our interdiction and eradication efforts has been the operations that we have headquartered from our bases in Panama.

Failed U.S.-Panama negotiations during he past few years, and terms of the Carter-Torrijos Treaty, have blocked future flights from Panama. On May 1, the United States ceased all narcotics surveillance flights from Howard Air Force Base in Panama.

By the end of this year, the United States will have abandoned property consisting of about 70,000 acres and 5,600 buildings. These assets are estimated at a value starting at $10 billion. What President Carter started in the late-1970's, President Clinton is finishing in the late-1990's.

I would like to spend a moment explaining the importance of having a strong U.S. presence in the region. The U.S. has been conducting about 15,000 anti-narcotics flights annually from Howard Air Force Base. These flights are the cornerstone of our counternarcotics efforts in this hemisphere. These flights make it possible for effective eradication and interdiction missions in the source and transit zones.

In the past few days the Administration has managed to hobble together several interim agreements to replace some of these counternarcotics missions. Interim agreements with the Caribbean Islands of Curaçao and Aruba, as well as an agreement with Ecuador, are being pieced together. Reportedly, the Administration is also attempting to work out an agreement to fly out of Costa Rica.

I look forward to hearing from DOD today as they provide us with their plan to have these bases fully-operating. Hopefully we can avoid a near-term gap with a damaging loss of critical coverage.

We also need to hear today from the State Department on both the handling of the interim agreements and to learn about the progress on the status of long-term agreements with these host nations.

Unfortunately, in both the near-term and long-term, our interdiction capabilities will be greatly diminished. By SOUTHCOM's own estimation, the FOLs in Curacao, Aruba and Ecuador may only provide 70%-80% of the coverage that we have had with Howard Air Force Base.

I am also concerned about the costs related to this move. DOD estimates that the costs for upgrade and repair of the four FOLs will be anywhere from $70-100 million. Additionally, Congress may foot the bill, with estimates as high as $200 million to complete the upgrades and repairs at the air base in Manta, Ecuador.

A full DOD assessment and proposal still needs to be completed. This assessment, as well as long-term agreements, or concrete plans for filling this surveillance gap must be completed expeditiously.

Our second panel today will deliver an appraisal of what the impact of the U.S. departure from Panama will mean to the citizens of Panama, the safety of the Canal, and the stability of the region.

A full-scale guerrilla war, primarily financed by the narcotics trade, is raging just south of Panama in the Republic of Colombia. There have been many news reports of recent FARC activities in Panama's southern Darien region. In fact, the FARC captured three New Tribes Missionaries in the Darien province in 1993. These missionaries remain unaccounted for to this day.

With guerrillas already based in Panama and with the U.S. withdrawal this year, we anticipate further incursion into Panama and additional narco-terrorist activities.

In the aftermath of the United States efforts in Panama ten years ago to obtain General Noriega, who was involved in drug trafficking, we ensured that the corrupt Panamanian military organization was dissolved. Now the security of Panama is in the hands of an institutionally weak police force.

I am frankly concerned that the FARC will move further north than they previously have and create a more unstable situation in Panama. I am also concerned that the U.S. will be back in Panama at some point in the future, and at great cost and sacrifice, to preserve the sanctity of the Canal and protect our national interests.

With the cessation of our anti-narcotics flights from Panama, and given the history of illegal narcotics trafficking in that country, we face a serious challenge in the months ahead, Hopefully, today's hearing will shed light on where we are in that region and what is being done to protect American interests.

Mrs. MINK. I thank the chairman of the subcommittee for yielding. I certainly concur with the chairman's remarks that this is an appropriate follow-on from our earlier opportunities to discuss the issue of Panama and the importance of the transfer of responsibility regarding surveillance of illegal narcotics traffic and the key role that Howard Air Force Base and our facilities there and our personnel played in helping the United States to know what was being trafficked out and where and to whom. The issue that faces this country and this administration certainly is an appropriate topic for this subcommittee to ascertain what alternate processes are in place to take over the important role that Howard Air Force Base has played.

I concur with the Chair's observations that it's unfortunate that we could not have entered into some interim agreement with the Panama Government for an interim continuance of these surveillance activities, but that issue is behind us, and what we have as a responsibility in this subcommittee is to insist upon a full and accurate briefing in terms of all the government agencies' concurrent responsibilities as to the important takeover responsibilities that they now have in the absence of our ability to command posts out of Panama.

The hearings and discussions that we had in our trip indicate that these plans are in place, although perhaps not in a final confirmed form. So I hope that today in this subcommittee hearing we will learn more and gain greater assurance as to our government's ability to continue the important work of covering and maintaining surveillance over these narcotic activities.

Thank you, Mr. Chairman.

Mr. MICA. I thank the gentlelady. I'd like to yield now to the—also a member of our panel but the chairman of the International Relations full committee. I see we've also been joined by the chairman of our full committee, Mr. Burton, and without objection, I'd like to yield to him right after I yield now to Mr. Gilman. Thank you.

Mr. GILMAN. Thank you, Mr. Chairman. I want to commend Chairman Mica for calling this hearing, and it comes in a timely period. I've refrained from making any public statements regarding Panama, lest my words be misconstrued within the context of Panama's electoral politics, but since Panama held its elections on Sunday and we have a new President in Mireya Moscoso, it's now time to speak up.

And I'm deeply alarmed, Mr. Chairman, by the administration's disjointed and half-hearted response to the impending withdrawal of our United States forces from Panama. Howard Air Force Base is a crown jewel in our fight against narcotics in a region that produces all of the world's cocaine and more and more of the heroin sold in our Nation and elsewhere. Our Nation should not have put itself in a position of closing down the Howard Air Force Base on May 1st.

On April 27th, our National Drug Control Policy Director, General McCaffrey, told the Senate Armed Services Subcommittee on Emerging Threats and Capabilities that we're not fighting a war against drugs. The shameful retreat from Panama which we are now witnessing proves General McCaffrey's point. The administra-

tion has been reluctant to wage a full war on drugs. We are all focused on the war in Kosovo. However, very much closer to home, it's important to look at the distressing developments in the Andean region which coincide with our withdrawal from Panama.

The administration has underestimated the severity and is illprepared to respond to the growing crisis in the Andean region. In Colombia, President Andre Pistrana is at a tremendous disadvantage as he tries to negotiate a peace with vicious narcoterrorists who wantonly kidnap and murder American citizens.

Panama's Darien province is threatened by these same criminal narcoterrorist elements. Venezuela's democracy appears to be in the process of unraveling. After suffering hundreds of millions in economic damage from El Nino, Ecuador is now facing one of the world's worst economic crises—one of the worst economic crises in its history.

In Peru, we took our eye off the ball. We cut back on aerial coverage in support of Peru's shootdown policy. Regrettably, now coca prices are once again soaring in Peru from $1.50 to $2.40 per kilo of coca leaf, and the farmers are coming back into illicit drug cultivation.

The entire region is suffering, once again, from all of these threats. I'm shocked to see our Nation scrambling to conclude hasty, temporary arrangements with the Netherlands/Antilles and Ecuador for new forward bases in the region from which to deploy our military and civilian antidrug forces, and while I greatly appreciate the willingness of our Dutch allies and the Ecuadorian Government to step up to the plate in our fight against drugs, these improvised arrangements will significantly undercut our Nation's counternarcotic efforts.

I closely followed former Ambassadors Ted McNamara's and Bill Hughes' substantial efforts to conclude an agreement for a continued United States presence in Panama. We then traveled to Panama and talked to the Foreign Minister who was initially supportive of our efforts but the election process got in the way. Regrettably, these efforts did not result in the promised multilateral counter-narcotics center, the MCC, which is supported by so many of the countries in the region.

On the one hand, these negotiations became entangled in Panama's internal electoral policies. On the other hand, the Department of Defense, in particular our Air Force, did not provide the support, the flexibility and the creative diplomacy that were needed to secure this vitally important continued United States presence in Panama.

Last October, I introduced H.R. 4858, the United States Panama Partnership Act of 1998, and the purpose of that legislation was to signal to the people of Panama the strong interest by the Congress in continuing into the next century the special relationship that has existed between our two peoples since 1903.

A 1977 protocol to the Panama Canal Treaties provides that the United States and Panama may agree to extend the United States military presence in Panama beyond 1999. When those treaties were signed, the current crisis in the Andean region could not have been foreseen.

H.R. 4858, which I've introduced, offers Panama the opportunity to join Canada and Mexico in forging a new, more mature, mutually beneficial relationship with our Nation. In exchange, this legislation asks Panama to remain our partner in our war against drugs and other regional security matters by continuing to host the United States military presence after 1999.

Mr. Chairman, I look forward to today's testimony by our expert witnesses, and thank you once again for conducting this very important hearing.

[The prepared statement of Hon. Benjamin A. Gilman follows:]

Ben Gilman
4 May 1999

"I am deeply alarmed by the Administration's disjointed and halfhearted response to the impending withdrawal of U.S. forces from Panama. Howard Air Force base is the crown jewel in our fight against drugs in a region that produces all of the world's cocaine and more and more of the heroin sold in our nation and elsewhere. The United States should not have put itself in the position of closing Howard Air Force Base on May 1st.

"On April 27, our national drug control policy director, General Barry R. McCaffrey, told the Senate Armed Services Subcommittee on Emerging Threats and Capabilities that 'We are not fighting a war against drugs....' The shameful retreat from Panama which we are now witnessing proves General McCaffrey's point. This Administration has been reluctant to wage a full war on drugs.

"We are all focused on the war in Kosovo. However, very much closer to home, it is important to look at the distressing developments in the Andean region which coincide with our withdrawal from Panama.

"The Clinton Administration has underestimated the severity and is ill-prepared to respond to the growing crisis in the Andean region. In Colombia, President Andres Pastrana is at a tremendous disadvantage as he attempts to negotiate peace with vicious narco-terrorists who wantonly kidnap and murder American citizens. Panama's Darien province is threatened by these same criminal narco-terrorist elements. Venezuela's democracy appears to be in the process of unraveling.

"After suffering hundreds of millions in economic damage from El Niño, Ecuador is now facing one of the worst economic crises in its history. In Peru, we took our eye off the ball. We cut back on aerial coverage in support of Peru's shoot-down policy. Now coca prices are once again soaring (from $1.50 up to $2.40 dollars per kilo of coca leaf) and farmers are coming back into illicit drug cultivation.

"I am shocked to see the United States scrambling to conclude hasty temporary agreements with the Netherlands Antilles and Ecuador for forward bases in the region from which to deploy our military and civilian anti-drug forces. While I greatly appreciate the willingness of our Dutch allies and the Ecuadoran government to step up to the plate in our fight against drugs, these improvised arrangements will significantly undercut our nation's counter-narcotics efforts.

"I closely followed former Ambassadors Ted McNamara and Bill Hughes's substantial efforts to conclude an agreement for a continued U.S. presence in Panama. Regrettably, these efforts did not result in the promised Multilateral Counter-narcotics Center (MCC). These negotiations became entangled in Panama's internal electoral politics.

"However, the Department of Defense and in particular the United States Air Force, did not provide the support, flexibility and creative diplomacy that were needed to secure continued U.S. presence in Panama, which is vitally important to our national security.

"Last October 20th, I introduced H.R. 4858, the United States-Panama Partnership Act of 1998. The purpose of this legislation is to signal to the people of Panama the strong interest in the United States Congress in continuing into the next century the special relationship that has existed between our two peoples since 1903.

"A 1977 protocol to the Panama Canal Treaties provides that the United States and Panama may agree to extend the U.S. military presence in Panama beyond 1999. When those treaties were signed, the current crisis in the Andean region could not have been foreseen. H.R. 4858 offers Panama the opportunity to join Canada and Mexico in forging a new, more mature, mutually beneficial relationship with the United States. In exchange, this legislation asks Panama to remain our partner in the war on drugs and other regional security matters by continuing to host a U.S. military presence after 1999."

Mr. MICA. I thank the gentleman from New York, and now, I'd like to yield to the chairman of our full committee, Mr. Burton.

Mr. BURTON. Thank you, Chairman Mica. I'm glad that Mr. Romero is here with us today. It's unfortunate that we had to threaten to use a subpoena to get you here, but it's nice that you did appear.

For the past 3 years, Chairman Gilman, myself, Chairman Mica and others have been doing everything we can to equip the Colombian National Police with the proper tools to fight against the FARC guerillas and the drug cartel down there. After many, many meetings with the State Department, during which they said that they would get those Blackhawk helicopters down there and the super-HUEYS and the mini-guns and everything else, we finally saw some results last Friday, but it was 3 years.

Now, 4,000 Colombian National Police have been killed, and many, many more have been injured because of the foot-dragging and the poor performance, in my opinion, of the State Department in dealing with the FARC guerillas.

And one of the things that really concerns me is that we have had a policy in the United States of not dealing with terrorist organizations. That's been a stated policy of every President that I can remember. And yet last December, the Clinton-Albright diplomats did go down and meet with and negotiate with the Colombian FARC in Costa Rica.

Now, there's been a little semantic dancing that's taken place. They said they weren't negotiations, they were just meetings. Well, these people have killed Americans, they've taken Americans hostage. We were sitting across the table with them. I don't think we were just having tea and crumpets. I think that was a negotiating session. And you know, Shakespeare said, "A rose by any other name would smell as sweet," and I think it's disingenuous for the State Department and Mr. Romero to say these meetings were not negotiations; and, if you like, we could get the dictionary out and define what negotiations are and what meetings are. I think it kind of clears things up, and this isn't the first time the Clinton administration has made a career out of redefining words and phrases that seem to suit their needs. Their ability to do that just staggers the imagination.

Even more disturbing has been the State Department's lack of respect for congressional concern in this matter. After we called Phil, the State's diplomat to the Hill to explain, he's allegedly continued to keep in contact with the FARC representatives through e-mail and possible phone conversations, and this has continued despite the FARC kidnapping and the brutal execution of three Americans.

The message to the FARC has to be crystal clear, and that is, that the United States and the Government of Colombia are not dealing from a position of strength but a position of weakness down there, hat in hand, sitting across the table, talking to these guys, even though they're killing people and kidnapping them.

The Clinton-Albright State Department has gone to great length to avoid confrontation of any kind with the FARC until possibly last week when we went up to Connecticut to see those Sikorsky helicopters. Those six helicopters were going to be delivered down

there. And it appears as though the State Department's had an insatiable desire to see peace at any cost. Unfortunately, that cost has been very high. As I said before, our allies in the war on drugs, the Colombian National Police and others, have lost over 4,000 personnel.

In the last 5 years there have been 20 Americans taken hostage, 6 have been murdered, murdered by the Colombian narcoguerillas. Currently, the FARC has held three Americans from Chairman Mica's district, Rick Tenennof, Mark Rich, and David Mankin since 1993. They're the longest-held hostages anywhere in the world.

What my colleagues may not realize is that there have been more Americans taken hostage in Colombia in the last 5 years than were taken in Lebanon during the 1980's, and we weren't negotiating with the terrorists back then, but we have been negotiating with the FARC guerillas, and we need to know why.

And then there's there one other thing I'd like to mention, Mr. Chairman, and that is Cuba, the only Communist dictatorship in this hemisphere, has been working with the FARC guerillas. The Clinton administration has opposed our embargo against Cuba and has done everything possible to erode it, and of course, last night, we saw another manifestation of that. The fact of the matter is the FARC is linked to the Communist regime in Cuba. Some FARC leaders have been educated and trained by Castro's government. The FARC very well may be laundering hundreds of millions of dollars in drug money through investments in Cuba, and there were 7.2 metric tons of cocaine that the Colombian National Police just captured recently which was destined for Cuba. Cuba said they didn't know anything about it. That is the most ridiculous thing I've ever heard. Obviously, they knew about it. That was going to be cut to probably hundreds of millions of dollars in street value and sold in the United States and possibly Europe, and Castro knows when that stuff is going on in Cuba.

We know for a fact that the intermediary for the United States-FARC meeting in Costa Rica is Alvaro Lava, a former Colombian Congressman under indictment in Colombia and under political protection in Costa Rica, and is a frequent traveler to Cuba. Yet, we have permitted him to open a negotiating dialog with the FARC.

In summary, Mr. Chairman, this administration, in my opinion, has dropped the ball in Latin America. I dare say the policy in Latin America would be of greater concern to Congress if the Clinton administration had not created crises in other areas of the globe. I mean, people in this country are very concerned about their kids dying from overdoses of drugs and the prisons being packed with drug dealers that are being supplied with narcotics and weapons from Central and South America. Someone needs to keep an eye on this area of the world, our own backyard, before our country becomes even more awash in the drugs that these countries are peddling to our children. And Mr. Chairman, I hope I'm able to stay here, because I really would like to ask Mr. Romero a number of questions that I think are very important.

Thank you.

[The prepared statement of Hon. Dan Burton follows:]

Statement of Chairman Dan Burton
Drug Policy Subcommittee hearing
5/4/99

Mr. Chairman, it is good to see Acting Assistant Secretary of State Peter Romero here with us today, even though I had to compel his attendance by threatening to issue a subpoena. His behavior is not surprising, as he is apparently responsible for the lack of a coherent policy in Latin America, specifically in Colombia, Mexico and Panama. Mr. Romero I await your attempt to defend the negligent behavior of the Clinton Administration in Latin America.

Most puzzling, Mr. Chairman is why did Clinton-Albright diplomats negotiate with a US State Department designated terrorist organization, the Colombian FARC last December in Costa Rica? Who authorized this negotiation? Mr. Romero will undoubtedly hide behind semantics, just as the official line of the State Department has been that these were merely "meetings" not negotiations. Well, I'm here to tell you, this dictionary in front of me defines those "meetings" as "negotiations," simply because the US was discussing types of aid programs which might be put in place after peace has

come to Colombia -- that Mr. Chairman is negotiating in everyone's mind but the Clinton Administration which has made a career out of redefining words and phrases to suit their needs.

Even more disturbing has been the State Department's lack of respect over Congressional concern in this matter. After we called State's diplomat to the Hill to explain, he has allegedly continued to keep in contact with the FARC representatives via e-mail and possibly phone conversations. This has continued despite the FARC kidnaping and then brutally executing three Americans. The message to the FARC has been crystal clear: the Government of Colombia, and the United States are dealing from a position of weakness.

The Clinton-Albright State Department has gone to great links to avoid confrontation of any kind with the FARC. The FARC has become a major player in Colombia, due to in part to the State Department's insatiable desire to see peace at any cost. Mr. Chairman, unfortunately that cost has been particularly high for the Colombian National Police, our allies in the War on Drugs, who have lost over 4,000 officers in the last decade.

In the last five years, there have been 20 Americans taken hostage, and six have been murdered by Colombian narco-guerrillas. Currently the FARC has held three Americans from Chairman Mica's district, Rick Tenenoff, Mark Rich, and David Mankins since 1993. They are the longest held hostages anywhere in the world. What my colleagues may not realize is that there have been more Americans taken hostage in Colombia in the last five years than were taken in Lebanon in the 1980's.

The wild card here is Cuba. That's right the only communist dictatorship in this hemisphere. The Clinton Administration opposes my embargo, and has done everything possible to erode support for it. The fact of the matter is, the FARC is linked to the communist regime. Some FARC leaders have been educated and trained by Castro's government. The FARC may be laundering hundreds of millions of dollars in drug-money through investments in Cuba. We know for a fact that the intermediary for the US-FARC meeting in Costa Rica is Alvero Leyva, a former Colombian Congressman, under indictment in Colombia and under political protection in Costa Rica arranged by his friend, the current Colombian President, is a frequent traveler to Cuba. Yet we have

permitted him to open a negotiating dialogue with the FARC.

In summary, Mr. Chairman, this administration has dropped the ball in Latin America. I dare say the policy in Latin America would be of greater concern to Congress if the Clinton Administration had not created crisis in other areas of the globe. Someone needs to keep an eye on this areas of the world -- our own backyard before our country becomes even more awash in the drugs these countries are peddling to our children. Thank you Mr. Chairman and I look forward to posing some tough questions to Mr. Romero.

Mr. MICA. Thank you, Mr. Chairman. At this time, I'd like to yield to the gentleman from Ohio, Mr. Kucinich, for an opening statement.

Mr. KUCINICH. Thank you, Mr. Chairman. Thank you for calling these hearings. I admire your dedication to this issue. I have a statement I'd like submitted for the record.

Mr. MICA. Without objection it will be made part of the record.

[The prepared statement of Hon. Dennis J. Kucinich follows:]

Congressman Dennis Kucinich:
Oversight Hearing on Panama and Drug Trafficking
May 4, 1999

STATEMENT

Mr. Chairman, Panama is an important drug money laundering center and a drug transshipment point from South America to the U.S. market. As a result, reversion of the canal back to Panamanian control is a key strategic concern pertaining to U.S. anti-drug operations in the region. U.S. failure to secure a long-term agreement for the existence of U.S. military forces in the canal area is a serious concern for this committee.

The Secretary of Defense recently approved a plan by the US Southern Command (SOUTHCOM) to open new military facilities in the region. The facilities, called forward operating locations (FOL), are designed to offset the loss of other key military installations in the area. However, the U.S. has, as yet, been unable to negotiate long term agreements for rights to these locations. In addition, the Department of Defense is going to make significant capital investments in upgrading current, and building additional facilities at these FOL sites. Congress should urge the administration to negotiate long-term agreements with the host countries of the designated FOL and should closely monitor any developments in these negotiations. A maintained military presence in the region will protect U.S. anti-drug efforts into the future. I thank the chairman for holding this hearing and look forward to the discussion.

Mr. MICA. And I now recognize the gentleman from Georgia, Mr. Barr.

Mr. BARR. Thank you, Mr. Chairman. I appreciate very much the chairman convening these hearings today. One wishes that there was as much interest on the part of the administration as there is on the part of this subcommittee and the committee chaired by the distinguished gentleman from Indiana. I think this is a very, very critical issue for the United States of America and for Panama that attention be paid to our continuing relationship, our continuing relationship between the United States and Panama and with particular emphasis on mutual security matters and our mutual interest between our two governments and peoples regarding our efforts to attack the problems of drug trafficking, money laundering, and narcoterrorism.

As Chairman Burton has already pointed out, there is going to be an increasing problem with the narcoterrorists in the wake, I believe, of the complete United States pull-out from the former Panama Canal Zone. We've already seen signs of that with increased guerilla activity in the regions between—bordering between Colombia and Panama.

General Serrano was just up here last week, a very, very distinguished Colombian, who has expressed on numerous occasions his grave concern about the deteriorating situation in that region and, in particular, in conjunction with the rise of narcoterrorists in his country of Colombia.

I have travelled to Panama twice in the last 2 years. I lived there when I was in high school, and I know that our two countries have enjoyed, with some interruptions, but overall during the course of our joint history, a very, very warm and close relationship which continues today and, I believe, which will be strengthened by the victory by Ms. Moscoso in the elections over the weekend.

I am concerned, though, with what appears to be a substantive, or a lack of substantive interest on the part of the administration with trying to work out a continuing relationship beneficial to and supported by the peoples of both of our countries with regard to perhaps some sort of mutual defense organization, some mutual narcotics control center or whatnot. I know that some of our other witnesses we'll be hearing from today, while in the private sector, have tremendous background in this area and have been speaking out on this issue.

We had some hearings about a year ago over on the Senate side which apparently did not strike too much interest on the part of the administration. I have seen no tangible expressions of interest or activity on the part of this administration, which is particularly baffling in light of the continued importance of the canal to us, and particularly in light of the arrangements, some of which apparently are not made public but some of which have been made public between the Chinese Government through its commercial arms of COSCO and Hutchinson-Wampoa to secure a foothold on both sides of the Panama Canal, and I believe that there are terms of that arrangement between Panama and Beijing that are contrary to the treaty of reversion between the United States and Panama which are of great concern to me. And I'd be very interested to hear today

whether this is of any concern to the administration, as one would hope it would be.

But Mr. Chairman, these are matters that weigh heavily on my mind, and I hope that through these hearings and other hearings, in the interest that I know is very genuine on the part of Chairman Burton as well and Chairman Gilman, we can, even though it's very late in the game, light some fire under the administration to try and impress with them and on them the importance of this region of the world and this particular facility to our commercial interests, our antinarcotics interest and our military interests.

So I appreciate these hearings and look forward to the witnesses' testimony from both panels today.

Mr. MICA. I thank the gentleman from Georgia, and at this time, I'd like to introduce our first panel. Our first panel is Ambassador Peter F. Romero, who is the Acting Assistant Secretary of the Bureau of Western Hemisphere Affairs in the Department of State, and then Ms. Ana Maria Salazar, who is the Deputy Assistant Secretary for Drug Enforcement Policy and Support in the Department of Defense.

I'd like to welcome you both at this time and first say that this is an investigations and oversight subcommittee of Congress, and we do swear in our witnesses. So, if you would please stand and be sworn. Raise your right hands, please.

[Witnesses sworn.]

Mr. MICA. And the record reflects that the witnesses answered in the affirmative, and also, for your information, we try to—there are only two witnesses in this panel, so I don't think we'll use the clock, but we try to ask you to limit your oral presentations before the subcommittee to 5 minutes. We will take lengthy statements and without objection make them part of the record, and with those comments, I'd like to again welcome Ambassador Peter F. Romero and you are recognized, sir.

STATEMENTS OF AMBASSADOR PETER F. ROMERO, ACTING ASSISTANT SECRETARY, BUREAU OF WESTERN HEMISPHERE AFFAIRS, DEPARTMENT OF STATE; AND ANA MARIA SALAZAR, DEPUTY ASSISTANT SECRETARY, DRUG ENFORCEMENT POLICY AND SUPPORT, DEPARTMENT OF DEFENSE

Mr. ROMERO. Thank you very much, Mr. Chairman, and I'd like to thank the members of the committee and Chairman Gilman and Chairman Burton for their comments. I welcome the opportunity to discuss with the subcommittee and the chairman the administration's efforts to retain a capacity to combat South American-based drug trafficking, following the cessation of air operations at Howard Air Force Base on May 1.

I would like to spend a little bit of time in terms of how we got to where we are today with the Panamanians, and I'd like to mention at the outset that I and the administration support fully the chairman's statement, vis-a-vis concern about counternarcotics operations and counternarcotics or narcotics trafficking in the region.

There were a number of other issues raised that I'd like to get to, and so what I would like to do is just keep my comments, my prepared comments as brief as possible and without any objection, Chairman, submit them for the record?

Mr. MICA. Without objection, so ordered.

Mr. ROMERO. Thank you, Mr. Chairman.

How we arrived at where we are today—and perhaps I'll take a few questions on that afterward—administration efforts to preserve our access to facilities in Panama to support counternarcotics go back approximately 6 years. In January 1993, the National Security Council approved the policy paper that said that the Secretary of State should be prepared to enter into negotiations with the Government of Panama regarding post-1999 base rights in Panama.

In September 1995, Panamanian President Ernesto Perez Balladares met with President Clinton at the White House, and in a joint statement following the meeting, the two governments agreed to exploratory talks regarding United States military presence in Panama after 1999, with a view toward possible formal negotiations if exploratory talks appeared promising.

By November 1995, the interagency working group had developed United States positions on the key issues, and then Secretary or Principal Deputy Assistant Secretary of State, Mike Skol, was prepared to engage the Panamanians on these exploratory talks to begin—to begin.

The Panamanians then requested a postponement largely as a result of the fact that a United States military spokesman at the time had essentially talked about our no-rent policy for a post-1999—possible post-1999 military presence, and the Panamanians decided that that created a difficult atmosphere for them.

But in order to prevent a loss of time, the State Department instructed our then-Ambassador William Hughes to engage the Panamanians, and he did just that. He had informal talks for several months. It made clear that the Panamanians were concerned about rent and other significant compensation and that these would be required for our continued access to any bases in Panama.

In a Deputy's committee meeting in 1996, in May, it reaffirmed the quote, "We will not pay rent or disguised rent or other direct compensation for the use of current U.S. military facilities after 1999."

In response, Perez Balladares, in a meeting with then or present Deputy Secretary of State Strobe Talbot, on the margins of the OAS General Assembly, put forward an offer centering on the idea of a multilateral counternarcotics center or an MCC. The MCC would be based at Howard. U.S. military would have rent-free access to the base. President Balladares called for stationing personnel from many other interested countries in the region at Howard to coordinate antinarcotics activities.

The next month, the Department of State took the lead in an interagency effort to develop a concept paper to create an MCC along the lines of the Panamanian proposal. The MCC would have been a civilian institution with two main functions; one, an information directorate would coordinate the collection, analysis, and dissemination of information regarding drug trafficking and related crimes. A training institute would provide training in counternarcotics law enforcement and U.S. military personnel would have provided unique support to an MCC through specialized skills such as pilots, aircraft mechanics, radar and communications technicians, et cetera.

We would have had continued access to Fort Kobbe, to include Howard Air Force Base and the pier facilities at Rodman Naval Station. Approximately, 2,500 U.S. personnel would have been stationed at the MCC.

While the various interested agencies worked to develop a concept paper, Ambassador John Negroponte was named as a special post-1999 coordinator in September 1996 and began informally with his Panamanian counterpart, Ambassador Jorge Ritter, in November. The idea of MCC began to take shape in several informal meetings between the two, and quite frankly, in a blow to the process, Foreign Minister Gabriel Lewis, who had been a positive driving force behind the negotiations and a close adviser to President Balladares, died on December 19, 1996.

Nevertheless, the months of informal discussion led to a first, more formal phase. With the appointment of Ambassador McNamara, the negotiations began to advance. By December 1997, Perez Balladares, Panamanian President, announced agreement had been reached. In fact, we had reached essential agreement on key requirements, though certain provisions relating to privileges and immunities still needed to be worked out.

Beyond using Howard as a platform for counternarcotics interdiction for a period of at least 12 years, those requirements—those requirements included its use for training, regional logistics, et cetera, search and rescue activities and other related missions as required. We insisted on these other activities because we could not otherwise justify the cost of maintaining the base itself and the personnel, equipment and resources necessary to do only counternarcotics at the base. When you look at the breakdown of the operations of the base, it is approximately $75 million a year just to operate.

As a result of intense diplomatic efforts in December 1997 and early in January 1998, Panamanian negotiators agreed to the terms of an acceptable text for an MCC. Ambassador McNamara traveled to Panama, fully expecting to initial a draft accord. Apparently, however, the issue had not or the accords had not yet been fully vetted internally within the Government of Panama, but particularly within the ruling Democratic revolutionary party of Panama, and the Panamanian Government declined to initial the agreement.

At this point, we were still hopeful that the Panamanians would recognize how beneficial an agreement would be to them. Ultimately, the administration of Perez Balladares was unable to achieve a consensus among its own political supporters within the PRD party and requested significant modifications to the original draft.

In March 1998, the Government of Panama tabled its proposed modifications. At that point we realized it would be exceedingly difficult to meet them. Among the most onerous of the changes sought were the insistence that no missions other than counternarcotics could be carried out at Howard, a rollback of quality-of-life provisions that they had previously agreed upon for our personnel and their families and, most importantly, a time limit of 3 years on guaranteed U.S. access. Remember, this versus 12 years in the agreement we thought we were ready to initial with the Panama-

nians. Any of these positions alone would have been a deal stopper. We took the position that changes of a genuinely technical character were possible, but stated clearly we would not, in effect, renegotiate the whole agreement.

At about that time, President Balladares became increasingly focused on preparations for an August 30th referendum of a constitutional amendment which would have allowed him to run for a second term. His party became sharply polarized because of those strongly supporting and those implacably opposed to an MCC.

The Panamanian side would not move off most of the unacceptable positions raised in March, and after the election referendum failed, and at the request of President Balladares, we issued a joint statement ending the MCC negotiations on September 24, 1999.

In essence, our needs for a cost-effective presence, by which we mean one that——

Mr. MICA. Sorry, sir, excuse me. You said September 1999?

Mr. ROMERO. Correct, September 24, 1999—I'm sorry, 1998.

Mr. MICA. Thank you.

Mr. ROMERO. Excuse me.

In essence, the essential problem was the cost-effective presence. Without having more than a guaranteed presence of 3 years, not being able to conduct any missions out of Howard other than counternarcotics, along with other issues, quality of life, et cetera, we believe that we were just too far apart to continue negotiations with the Perez Balladares government.

Before the ink was dry on a joint statement, the Department of State initiated an effort to obtain alternative arrangements in the region. The idea was to keep or perhaps increase the level of counternarcotics coverage in the region in a cost-effective way. We decided the best way to do this was obtain rights to use existing facilities as platforms in the regions. To do so would allow us to save on the high cost of maintaining a fixed base or bases while enjoying hopefully the same level of coverage. Ideally, if enough of these facilities, called forward operating locations or FOLs, were identified in strategic locations, our coverage could even improve.

Under a DOD/SOUTHCOM plan, operational/logistic support to the aerial counternarcotics missions by several USG agencies, to include DOD, DEA, Coast Guard, and Customs, would be maintained by having authorized access to and the use of existing and improved airport facilities in selected countries. DOD/SOUTHCOM identified primary FOL sites to be Manta, the Netherlands Antilles, Curacao, and Aruba. Additional FOL sites, as conditions warranted and as funding permitted, were to be explored.

In February 1999, at DOD's request, with interagency support, a Department of State special negotiator and an interagency team began negotiations with the Kingdom of the Netherlands and the Government of Ecuador. Interim agreements were concluded with Ecuador on April 1st and with the Netherlands on April 13th, well ahead of the May 1st target date for closure of Howard.

These interim agreements form the foundation for more detailed, longer-term agreements that will permit the expenditure of USG funds, upgrading certain airport facilities to enable them to accommodate monitoring—counternarcotics monitoring effort. The stationing of 8 to 15 permanent U.S. Government or contract person-

nel at each site is planned with the temporary influx of up to 300 crewmen and support personnel accompanying U.S. aircraft. We expect to have long-term FOL agreements negotiated before the interim agreements expire—Ecuador's on September 30th this year and the Netherlands on April 13, 2000.

I should stress at this point that the FOLs are not military bases or a form of an MCC. They represent the deployment of limited numbers of U.S. personnel, equipment and aircraft to host government-controlled airfields for the sole purpose of supporting aerial counternarcotics missions. These operations are multinational in scope, requiring the cooperation of other nations in the region as envisioned by the hemisphere's Presidents at the Summit of the Americas in Santiago last year and at the U.N. Counternarcotics Conference in New York last June.

Members of the committee, that's where we stand today in our effort to maintain counternarcotics activities in the region and in the absence of Howard Air Force Base. Obviously, there's an entire spectrum of other counternarcotics activity carried out by the United States—by us in the region that did not rely on the existence of Howard Air Force Base in the past, and those will continue now that Howard Air Force Base has closed.

I'd be glad to entertain any questions you might have, Mr. Chairman, and what I'd like to do is wait in hopes that Congressman Chairman Burton will come back so that I could answer some of the questions that he posed to me. Thank you.

[The prepared statement of Mr. Romero follows:]

STATEMENT
BY
AMBASSADOR PETER F. ROMERO
ACTING ASSISTANT SECRETARY OF STATE
FOR WESTERN HEMISPHERE AFFAIRS
BEFORE
THE SUBCOMMITTEE ON CRIMINAL JUSTICE, DRUG POLICY AND HUMAN RESOURCES
OF THE
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT
MAY 4, 1999

Thank you Mr. Chairman. I welcome this opportunity to discuss with the sub-Committee the Administration's efforts to retain a capacity to combat South America-based drug trafficking following the cessation of air operations at Howard Air Force Base on May 1.

I would like to review briefly the history of how we arrived at where we are today and then take any questions you might have.

Administration efforts to preserve our access to facilities in Panama and to support counternarcotics activities go back six years.

On January 1993, the National Security Council approved a policy paper that said that the Secretary of State should be prepared to enter into negotiations with the Government of Panama regarding post-1999 base rights in Panama.

In September 1995, Panamanian President Ernesto Perez Balladares met President Clinton at the White House. In a joint statement following the meeting, the two governments agreed to exploratory talks regarding a US military presence in Panama after 1999 with a view toward possible formal negotiations if exploratory talks appeared promising.

By November 1995, an interagency working group had developed U.S. positions on key issues and a team led by then-Principal Deputy Assistant Secretary of State Michael Skol prepared to visit Panama in December to initiate talks. Panama then requested a postponement of the December exploratory talks when a forthright public statement by a U.S. military spokesman of the U.S. position that no rent would be paid for a post-1999 military presence created a difficult political atmosphere. In order to prevent loss of time as a result of the postponement, the State Department instructed U.S. Ambassador William Hughes to engage

Panamanian Foreign Minister Gabriel Lewis in informal contacts.

During Ambassador Hughes' informal talks, the Panamanians made clear that rent or other significant compensation would be required for continued U.S. access to bases in Panama. As a result, a Deputies Committee meeting in May 1996 reaffirmed that "...we will not pay rent (or disguised rent) or other direct compensation for use of current U.S. military facilities after 1999..." This position was conveyed to the Panamanians by Ambassador Hughes.

In response, in June 1996, President Perez Balladares, in a meeting with Deputy Secretary of State Strobe Talbot on the margins of the OAS General Assembly, put forward an offer centering on his idea for a Multilateral Counternarcotics Center (MCC). The MCC would be based at Howard Air Force Base and the US military would have rent-free access to the base. President Perez Balladares' MCC proposal also called for stationing personnel from other countries in the region at Howard to coordinate anti-narcotics efforts.

In July, the Department of State took the lead in an interagency effort to develop a concept paper to create an MCC along the lines of the Panamanian proposal. As envisioned, the MCC would have been a civilian institution with two main functions. An information directorate would coordinate the collection, analysis and dissemination of information regarding drug trafficking and related crimes. A training institute would provide training in counternarcotics law enforcement. U.S. military personnel would have provided unique support to an MCC through specialized skills such as pilots, aircraft mechanics and those who operate radar and communications equipment. To support this effort, the U.S. military would have had continued access to Ft. Kobbe, adjacent to Howard Air Force Base, and use of pier facilities at Rodman Naval Station. Approximately 2,500 U.S. personnel would have been stationed at the MCC.

While the various interested agencies worked to develop the concept paper, Ambassador John Negroponte was named a Special Post-1999 Coordinator in September 1996 and began meeting informally with his Panamanian counterpart Ambassador Jorge Ritter in November. Over a period of six to eight months the idea of an MCC took shape in informal meetings between Ambassador Negroponte and Ambassador Ritter.

In a blow to the process, former Foreign Minister Gabriel Lewis, who had been a positive driving force behind the negotiations as a close advisor to President Perez Balladares, died on December 19, 1996.

Nevertheless, following the months of informal discussion, the idea appeared sufficiently attractive to both sides that talks moved into a formal phase. Ambassador Negroponte had his first formal session with Ambassador Ritter in July 1997 and continued the discussions until August when he retired and was replaced by Ambassador Thomas McNamara.

By December 1997 Ambassador McNamara had advanced negotiations to the point that President Perez Balladares announced that agreement had been reached. In fact, we had reached essential agreement on key requirements, though certain provisions relating to privileges and immunities remained to be worked out. Beyond using Howard as a platform for counternarcotics interdiction for a period of at least 12 years, those requirements included its use for training, regional logistics (that is, support to other US military training exercises in South America and other US operations, including support for US embassies and consulates), search and rescue activities, and other related missions as required. We insisted on these other activities because we could not otherwise justify the cost of maintaining the base itself and the personnel, equipment and resources necessary to do the counternarcotics task.

As a result of intense diplomatic efforts in December 1997 and early January 1998, Panamanian negotiators agreed to the terms of an acceptable text for an MCC in January 1998 and Ambassador McNamara traveled to Panama expecting to initial the draft accords. Apparently, however, the issue had not yet been fully vetted internally within the Government of Panama, and especially within the ruling Democratic Revolutionary Party of Panama, and the Panamanian government decline to initial the agreement. At this point, we were still hopeful that the Panamanians would recognize how beneficial to them an agreement would be. Ultimately, the administration of President Perez Balladares was unable to achieve consensus among its own political supporters on the agreement that had been negotiated and the Government of Panama told us modifications would have to be made.

In March 1998, the Government of Panama tabled its proposed modifications. We realized at this point that agreement would prove very difficult to achieve. Among the

most onerous of the changes sought were an insistence that no missions other than counternarcotics missions could be carried out, a roll-back of quality-of-life provisions that they previously had agreed to for our personnel and their families and a time limit of three years on guaranteed U.S. access. Any of these positions alone would have been a deal-stopper. We took the position that changes of a genuinely technical character were possible, but stated clearly that we would not, in effect, renegotiate the agreement.

At about the time, President Perez Balladares became increasingly focused on preparations for an August 30 referendum on a constitutional amendment that would have allowed him to run for a second term. His party became sharply polarized between those strongly supporting and those implacably opposed to the MCC. As a result, the Panamanian side would not move off most of the unacceptable positions raised in March. After the election referendum failed, and at the request of President Perez Balladares, we issued a joint statement ending the MCC negotiations on September 24, 1999.

In essence, our needs for a cost-effective presence -- by which we mean one that permitted a full range of missions at Howard -- could not be reconciled with Panama's political requirements.

Before the ink was dry on the joint statement ending the negotiations, however, the Department of State initiated an effort to obtain alternative arrangements through which to maintain the counternarcotics capabilities we have enjoyed at Howard. The idea was to keep, or perhaps increase, the level of counternarcotics coverage in the region in a cost-effective way. We decided the best way to do that would be to obtain rights to use existing facilities in the region as platforms for counternarcotics flights. To do so would allow us to save on the high cost of maintaining a fixed base or bases while enjoying the same level of coverage. Ideally, if enough of these facilities, called Forward Operating Locations or FOLs, were identified in strategic locations, our coverage could even improve.

Under a DOD/Southcom plan, operational/logistical support to aerial counternarcotics missions by several USG agencies (DOD, DEA, USCG, and Customs) would be maintained by having authorized access to and use of existing (and improved) airport facilities in selected countries. DOD/Southcom identified the primary FOL sites to be Manta, Ecuador, the Netherlands Antilles (Curacao), and Aruba.

Additional FOL sites might also be established in other countries as conditions warranted and as funding permitted. DOD/Southcom planned to use Roosevelt Roads, Puerto Rico as an interim FOL site until agreements on the primary sites were concluded and those facilities were operational.

In mid-February 1999, at DOD's request and with interagency support, a Department of State special negotiator and an interagency team began negotiations with the Kingdom of the Netherlands and the Government of Ecuador. Interim agreements were concluded with Ecuador on April 1 and with the Netherlands on April 13, well ahead of the May 1 target date for closure of Howard Air Force Base. These interim agreements form the foundation for more detailed, longer-term agreements that will permit the expenditure of USG funds upgrading certain airport facilities to enable them to accommodate necessary aircraft used in the counternarcotics monitoring effort. The stationing of 8-15 "permanent" US government and/or contract personnel at each site is planned, with the temporary influx of up to 300 crewmen and support personnel accompanying the U.S. aircraft. We expect to have long-term FOL agreements negotiated before the interim agreements expire (Ecuador's on September 30, 1999 and the Netherlands' on April 13, 2000).

I should stress that FOLs are not military bases or a form of an MCC. They represent the deployment of limited numbers of U.S. personnel, equipment and aircraft to host-government controlled airfields, for the sole purpose of supporting aerial counternarcotics missions. These operations are multi-national in scope, however, requiring the cooperation of other nations in the region as envisioned by the hemisphere's presidents at the Summit of the Americas in Santiago last year and at the UN Counternarcotics Conference in New York last June.

Members of the Committee, that is where we stand today in our effort to maintain counternarcotics activities in the region in the absence of Howard Air Force Base. Obviously, there is an entire spectrum of other counternarcotics activity carried out by us in the region that did not rely on the existence of Howard Air Force base in the past and that will continue now that Howard is closed.

And now I would be glad to entertain your questions.

Mr. MICA. Thank you. I think you'll have an opportunity to hear from Chairman Burton before the hearing's over. He will return. In the meantime, we will suspend questions until we've heard from our second witness, Ana Maria Salazar, Deputy Assistant Secretary for Drug Enforcement Policy and Support at DOD. Thank you for coming, and you're welcome and recognized.

Ms. SALAZAR. Thank you, Mr. Chairman. And Mr. Chairman and distinguished members of the committee, despite the fact that I have been working on counterdrug operations and counterdrug policies for a number of years, this is actually the first time that I've had the opportunity to appear before a congressional committee, and I welcome this opportunity to testify before you. And I have a written statement that outlines in detail the Department of Defense counterdrug program. If you have no objections, Mr. Chairman, I would like to introduce it for the record.

Mr. MICA. Without objection, that will be made part of the record.

Ms. SALAZAR. Thank you, sir. And also if it's agreeable to you, I would like to use the time you have allocated for my oral statement to provide you an overview of the Department's plans to develop a new counterdrug theater architecture that will insure continued detection, monitoring, and tracking support.

As you may know, and as you had stated, one of the most important aspects of this plan involves a series of strategically placed counterdrug forward operating locations, or FOLs, as stated by Ambassador Romero, around the hemisphere.

I would like to conclude my oral statement with the description of the FOL plan and an update of the status of our CD operations upon our departure of Howard Air Force Base, which was on May 1st.

While there is no simple solution to America's drug problem, each day, Active Duty, Reserve, and National Guard soldiers, sailors, airmen, and Marines make vital contributions by supporting the five goals outlined by Director McCaffrey in the national drug control strategy.

We have finite funds and resources, multiple national security missions to address and numerous requests for assistance. We try our best within the Department to prioritize the support to areas where capabilities will provide the highest impact on the drug threats.

As you may know, Mr. Chairman, that the five goals outlined in the national drug control strategy are supported by the Department of Defense, and I'm going to briefly touch on the goals; but more importantly, I'll go into some detail on goal four and five, since this is where this new strategy will be reflected.

Goal one which is—talks about the education of America's youth to reject illegal drugs as well as the use of alcohol and tobacco. Actually, the Department of Defense has a very small program and puts very little funding into this goal, but I went and did some research, and we actually have some type of support for different—for—in the different States represented by the members of this committee, and it basically supports programs, mostly by the National Guard, within their communities, and they're mostly outreach programs.

Under goal two, which talks about the increase of the safety of America's citizens by substantially reducing drug-related crime, it is under this goal that the Department of Defense provides most of its law enforcement support, and we provide support—this is not—we provide support that includes, for example, translation for Federal and local law enforcement that require translators for either transcripts or they have certain organized crime in their—in their—within their region that require assistance. We provide supports to the HIDAs. We provide excess equipment to both local and Federal law enforcement. And more importantly, under this goal we've been able to support extensive training of both local and State law enforcement under a number of training programs, and which has resulted in the training last year alone of 70,000 law enforcement individuals.

Goal three, I would like to touch very briefly, but I believe it's one of those goals and one of those success stories—unsung success stories by the Department of Defense. It is under this goal where we support the reduction of drug use within the Department of Defense in the civilians that work within the Department of Defense and the services. This policy has resulted in a dramatic decline between 1980 of where we had approximately 30 percent of the services using, or we believe that they were using drugs within the last 30 days, and now, we have a result reduction in 1998 of 3 percent.

Goal four and goal five, as I'd mentioned before, this is where we reflect more of how we're going to develop this new counterdrug strategy in the region.

Goal four addresses the importance of shielding America's air, land, and sea frontiers from the drug threat. The Department will spend $444 million alone under this goal, and what we seek is to deny air and maritime cocaine smuggling in the transit zone between South America and the United States border. Within the United States, the Continental United States, the focus of the support will go to the southwest border.

As the lead Federal agency for the detection and monitoring of illegal drug shipments to the United States, DOD continues to employ a comprehensive air and maritime detection and monitoring capability, despite the fact that we are leaving Panama. Among the assets that DOD counts, which includes the operation of two relocatable over-the-horizon radars—we call them ROTHRs—seven P–3 counterdrug upgrade aircraft, E–3's, E–2's, F–16 fighters, Navy combatants, and three TAGOS radars which are picket ships that have been working in—particularly in the Caribbean.

Goal five talks specifically of breaking foreign and domestic drug sources of supply. It is under this goal that we provide much of the support that I think is especially apropos and very necessary for countries like Colombia, Peru, particularly those two countries. The department will spend, under this goal, $330 million in support of this goal.

The priority for DOD in reducing the drug source of supply is focused on cocaine production and movement in Peru and in Colombia. The department continues to assist in enhancing these countries' efforts against the predominantly air transportation route by traffickers while also supporting them in countering the traffickers' use of rivers.

Based on the threat concentration in Colombia, which remains a focal point at least from the Department of Defense's perspective, we have tried to greatly enhance the support to Colombia recently. And, if you wish, I can enter more detail of these programs if you wish, especially since Chairman Burton expressed interest to the type of support we are providing that country.

A major portion of DOD source nation support is devoted to the use of assets for detection and monitoring and intelligence collection of the movement of cocaine and coca products within South America. Specifically, DOD supports source nations through such assets such as AWACs, E–2's, and other types of assets that both collect intelligence and provide information to host nations as to the types of illegal tracks that are flying through their air space.

Last, and a very important part of this goal, is a third ROTHR that is planned for completion in January 2000 and will be located in Puerto Rico and will greatly increase the capability to detect and monitor air smuggling activity in the critical cocaine processing regions in both Colombia and Peru.

Now, in regards to the restructuring of the theater counter-drug architecture, I have a couple of slides that I would like to present to you.

The majority of DOD's interdiction in transit operations in the Americas, as I have described in goal four and goal five, were supported from United States military facilities in Panama, including over the 2,000 counterdrug flights per year originating from Howard Air Force Base. The counterdrug capabilities resident in Panama provided significant support to the efforts of United States Customs Services, the United States Coast Guard, Drug Enforcement, and, of course, the Department of Defense.

As described by Ambassador Romero, the Panama Canal Treaty of 1977 mandated the withdrawal of United States military personnel from Panama and the reversion of all United States properties to Panamanian ownership by December 31, 1999, and without going very much in detail as to the reason why these negotiations failed, I will defer to the State Department for that.

We clearly are in agreement with you, sir, and other members of the committee, that our departure from Panama does and has been and it will be an important—will have an important effect on our counterdrug operations, and we have been seeking a way to, I am not going to say go around it, but to find a solution to this problem.

I have been DASD for almost 8 months, sir. A big portion of the time that I spend, and that my staff spends, is trying to find a way that we can find a solution that will offset the loss of the basing rights in Panama and maintain our current level of detection and monitoring support in the hemisphere and continue, more important, with our regional engagement. It has been difficult and we have been spending a lot of time and we believe that a number of important steps have been taken in order to find a solution.

I was talking with SOUTHCOM's Commander, General Wilhelm yesterday. I was talking to him about how I was going to come and testify before a subcommittee, and in talking to General Wilhelm, he will tell you that he has seen a number of important steps that will allow us to reach the goal we are seeking so there will not be

the degradation in the monitoring detection and, more important, in the engagement in the region that he believes is so important.

[Slide shown.]

Ms. SALAZAR. In this first slide, sir, I would like to give you a description as to how we reached the decisions to identify the FOLs and what we are trying to do. I know I don't have very much time, but the way we reached and we identified these FOLs had to do with a number of factors. One of them had to do with location, geography. Location, location, that was probably one of our most important priorities.

One of the areas where we felt a weakness, perhaps since we were only flying out of Panama, is that we did not have, I would say, a semi-permanent presence in the source zone which, as you know and as you understand the threat in the region, was very important to us. We also understand that the Caribbean region, where 85 percent of the maritime threat is coming from, is also important. And we need to have some type of presence there.

The other aspects we looked at was, for example, the political will of these countries to have some type of relationship on—this type of relationship with us on the counterdrug activities, force protection issues, and, more importantly, we also looked at the existing infrastructure.

This FOL plan, what we are trying to develop or have with these FOLs is a system or the capability of supporting aviation operations 24 hours a day, 7 days a week.

Specifically, any of the FOL sites should possess a suitable runway, sufficient ramp space, and an area for minor maintenance, refueling, servicing capability, necessary force protection, along with some basic services for support personnel and air crews temporarily assigned to there.

As mentioned by Ambassador Romero, we are anticipating having a relatively small footprint, it would be 8 to 10 people would be permanently there. And depending on the assets that would be coming in and out, that could increase on a temporary basis up to 200 people.

Seeking to maintain uninterrupted air coverage report and based on the above criteria that I have described to you, the Department of State negotiated interim FOL agreements with the Government of Ecuador so we would have access to Manta and the kingdom of the Netherlands so we would have access to Aruba and Curacao.

I do think I would like to take this opportunity to thank those countries. Not only did they express the interests in working with us, but they literally were working, the negotiations teams were working 24 hours a day to ensure by May 1st we would have the ability to work out of the FOLs, and we are very appreciative of both of these nations.

Now, SOUTHCOM basically calculated the baseline in the following fashion: In order to establish a template or a baseline for coverage to select an FOL location, we looked at the average time on station that we had in fiscal year 1997 and fiscal year 1998. I say on station, because we are basically talking about the region within the source zone and the region within the transit zone.

If we had been trying to perform these operations either from "Rosy Roads" in Puerto Rico or other parts of the United States,

you would see that a majority of the flight time would not have been over the source zone or the transit zone which we are interested in.

I have to be honest with the committee, sir, we are going to have a degradation. This is not a surprise. We have been talking about this in one fashion. We are not going to have the 100 percent coverage that we had in 1997, that we had in 1997 and 1998.

Based on the calculations done by SOUTHCOM and the parameters set, baselines set by SOUTHCOM, we expect in the short run, with two FOLs, the one we have identified here, more than approximately, or a little—it is going to be more than a 20 percent degradation until the Aruba, Curacao, and Ecuador FOLs are fully operational. Once we provide the upgrades that these airports require, we will raise that coverage to 85 percent by fiscal year 2000. By the year 2000, this is what we hope our AOR is going to look like with the two FOLs.

Now, I would tell the traffickers that they should not get too much comfort out of this, because we expect to have a ROTHR functioning by the end of the year, and the ROTHR, in support with the two FOLs, will allow us to be able to identify tracks that will be coming up through the source zone region.

Mr. MICA. As you begin to conclude, could you tell us today what percentage of coverage today, this day——

Ms. SALAZAR. Right now, as of today, sir, I can give you a description of the flights that were coming out. I am kind of looking at my experts. I would say 50 percent right now. As of right now, today, Customs is flying out of Aruba as of a day ago. We are expecting the F–16's to be flying out of Curacao as of May 6th. We expect Navy P–3's to be flying out of Manta as of May 12th. So, to be honest with you, we are talking, as of right now, I would say 50 percent.

Mr. MICA. Do you have another slide?

Ms. SALAZAR. Yes.

[Slide shown.]

Ms. SALAZAR. The next slide kind of fills the picture. We are in the need of a third forward operating location within the Central America region. We are right now in discussions with a number of countries who have expressed interest in reaching some type of agreement with us. Nothing has been signed. A lot of these countries—there is nothing definite. But we have looked at setting some site assessments before reaching this agreement. We at least want to have a good idea as to what is actually available in terms of airports.

Once we reach an agreement with a Central American FOL and once we have done the necessary upgrades, we believe that by fiscal year 2001, I think is being realistic, we will have a coverage of up to 110 percent. The reason we would have perhaps a better coverage than we had in Panama is this FOL right now here. We would actually have a presence within the source zone, which, as you know, sir, for us is the focal point of where most of the problem is coming from.

Could we have the next slide, please.

[Slide shown.]

Ms. SALAZAR. There is a number of things that need to take place before we reach this 110 percent, including an area where we are seeking your help and your assistance. We have, as you can imagine—we did not program within our budget the—we did not establish within our budget this plan. We expected to be in Panama right now.

In fact, we were talking about being in Panama as of August. When September hit, when we realized we were going to have a problem in being able to support the programs for fiscal year 1999, we went up to the department and the department provided us the necessary funding, although we have right now before you a reprogramming package that requires action.

The packet has been—the packet is being considered, but due to the other activities that are taking place right now, they have not been able to look at it. We are concerned that a number of our counterdrug operations, especially coming out from SOUTHCOM, are going to be affected, and our ability to come in and perform some of the TDYs that are necessary, some of the small type of maintenance and O&M required in the short-term is not going to happen. So, sir, I request and we seek your help in this.

The other very important issue that was mentioned by Ambassador Romero is the need to negotiate a long-term asset agreement with both Ecuador and the Kingdom of the Netherlands. We have started that process and we hope to conclude before the end of the year.

The third and very important step that needs to be taken is not only identify, but basically negotiate a long-term agreement with the Central American FOL.

The final and very also important step is the ability—well, you know these FOLs will require upgrading and construction. For this we will require additional legislative authorities that the Department of Defense and my programs do not have at this moment in order to spend MILCON funds out of the CTA account, which is the account from which I work with.

This construction would include, for example, runways, paving, ramp improvements, construction of operation buildings, aircraft hangers, aviation maintenance buildings, et cetera.

I am going to conclude my remarks with that, sir. I look forward to answering your questions.

[The prepared statement of Ms. Salazar follows:]

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STATEMENT OF

ANA MARIA SALAZAR

DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR

DRUG ENFORCEMENT POLICY AND SUPPORT

May 4, 1999

HOUSE COMMITTEE ON GOVERNMENT REFORM

SUBCOMMITTEE ON CRIMINAL JUSTICE, DRUG POLICY
AND HUMAN RESOURCES

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Introduction

Mr. Chairman and distinguished members of the Committee, I welcome this opportunity to provide you with an overview of the Department's plan to develop available theater architecture that will assure continued detection, monitoring, and tracking support upon our departure from Howard Air Force Base. One of the most important aspects of this plan involves a series of strategically placed counterdrug forward operating locations (FOLs) in the hemisphere. Before I provide you the details of this new architecture, I would like to offer some background information on Department of Defense general counterdrug support.

While there is no simple solution to America's drug problem, each day, active duty, reserve, and National Guard soldiers, sailors, airmen and Marines make vital contributions by supporting the *National Drug Control Strategy*. This strategy reflects a combined and coordinated Federal effort, including every federal department and over 50 agencies, seeking a balanced approach to address our Nation's drug problem. The 1999 *National Drug Control Strategy* provides a 10-year strategy, supported by a five-year budget, includes quantifiable measures of effectiveness, and seeks to reduce illegal drug use and availability by 50 percent within 10 years. The *National Drug Control Strategy* is outlined by five goals, of which the first three primarily focus on domestic efforts and the latter two, for the most part, address our international drug control strategy.
The five goals of the *National Drug Control Strategy* are:

Goal 1: Educate and enable America's youth to reject illegal drugs as well as alcohol and tobacco.

Goal 2: Increase the safety of America's citizens by substantially reducing drug-related crime and violence.

Goal 3: Reduce health and social costs to the public of illegal drug use.

Goal 4: Shield America's air, land, and sea frontiers from the drug threat.

Goal 5: Break foreign and domestic drug sources of supply.

The U.S. military adds an important dimension to our *National Drug Control Strategy* by assisting civilian efforts, assisting in the detection and monitoring of drugs transiting to the U.S., providing foreign intelligence, and aiding our international efforts, in particular those with source and transit countries.

The Threat

Illegal drugs are a serious threat to our national security and to the security of the community of nations. Drug-related deaths in the U.S. number approximately 14,000 people a year. Additionally, illegal drugs burden our society with approximately $110 billion in social, health, and criminal costs annually. The entrenched and increasingly diverse illegal drug industry continues to demonstrate an uncanny ability to meet world demand, and poses increasingly complex challenges. Drug driven corruption erodes confidence in democratic institutions and markets around the world.

The *National Drug Control Strategy* calls for the Department of Defense to focus its international drug control efforts on the source and transit zones in this hemisphere. Nearly all the cocaine and most of the heroin consumed in the United States is produced from crops grown in Colombia, Bolivia, Peru and Mexico. Drug traffickers transport the cocaine to the United States in multiple step journeys involving air, sea, and land transportation through the transit zone of the Caribbean, Central America, and the eastern Pacific waters. While global seizures of cocaine average 270 metric tons, the current production capability of 550-650 metric tons of cocaine continues to be sufficient to meet current consumption demands in the United States, Europe and South America. As for heroin, trafficking groups in Colombia and Mexico have moved in recent years to satisfy increased interest by U.S. consumers. While Southeast and Southwest Asian heroin supplies 95% of the worldwide market, Latin American heroin is the predominant heroin supplying the U.S. market. Flexible, in-depth, intelligence-driven interdiction and aggressive crop reduction programs are key to reducing the availability of both cocaine and heroin within the United States.

One of the most recent successes in this hemisphere's counterdrug effort was a sustained, U.S. supported Peruvian interdiction effort which disrupted the air transportation of cocaine base from Peru to Colombia. By the end of 1998, Peru's airborne interdiction of several dozen drug trafficker aircraft over a three-year period resulted in the elimination of the historic north-south airbridge between Peru and Colombia. Coca cultivation in Peru exceeded drug trafficker's efficient transportation capabilities (air smuggling), and coca prices in Peru were seriously depressed. The result of reduced coca prices from 1996 to 1998 was a dramatic reduction in coca base production in Peru from over 450 metric tons to 240 metric tons annually. Additionally, coca cultivation decreased significantly in Bolivia in 1998 as a result of ground interdiction in the Chapare, as well as controls on processing chemicals. These gains were offset, however, by increases in the amount of coca hectares under cultivation in Colombia. Our challenge now is to work with the Colombians to attack the critical air movement of cocaine HCL from labs in country to transshipment points on the North and West coasts of Colombia where further smuggling to the United States and Europe occurs. This cocaine HCL lab air smuggling infrastructure has been the key to the efficient operation of the cocaine industry, and, with resources and assets becoming available can now be successfully attacked. In addition, attention to Peru and Colombia river routes will be continued.

Illegal drug trafficking continues to impact the democratic institutions and processes within many of the countries of Latin America. The corrupting power of billions of dollars of illegal drug money is an enormous threat to many democratic institutions of Latin America, as well as to the United States. This corruption can easily infect the militaries and police of these nations as they try to assist in counterdrug operations and, in turn, degrades our military-to-military relations with them.

The Role of the Department of Defense

The Department of Defense is implementing the President's *National Drug Control Strategy* by supporting the five national goals and their detailed objectives. The Office of the DoD Coordinator for Drug Enforcement Policy and Support is the single focal point

for the Department's counterdrug efforts and ensures that the Department develops and implements a focused counterdrug program with clear priorities and measured results. Consistent with applicable laws, authorities, regulations, and funding/resource availability, the Department ensures that sufficient forces and resources are allocated to the counterdrug mission to support domestic and foreign counterdrug agencies to achieve high-impact results. As a matter of policy, law and the principles of *posse comitatus*, military forces are constrained from direct participation in law enforcement operations such as searches, seizures or arrests. Moreover, DoD personnel do not accompany host nation counterdrug forces on field operations.

With finite funds and resources, multiple national security missions to address, and numerous requests for assistance, the Department must prioritize support to areas where its capabilities will provide the highest impact on the drug threat. In that context, the counterdrug areas where the Department will focus its efforts and bring its DoD-unique capabilities to bear are in support of the counterdrug efforts of cocaine producing nations and in support of detection and monitoring of drug shipments to the United States. But even within those areas, the Department's efforts must be continually evaluated based on changing threat and host nation needs.

Goal 1: Educate and enable America's youth to reject illegal drugs as well as the use of alcohol and tobacco. The Department will spend $17M this fiscal year in support of this goal. DoD fully recognizes the importance of addressing drug abuse among our youth and taking proactive measures to prevent a new generation from using illegal drugs. The Department recognizes that: (1) the behavior of the children of our military members has a direct impact on individual morale and readiness; (2) the actions of those youth reflect directly on the Department; and (3) it is from our nation's youth that we draw our future military members. To assist the nation in helping our young men and women, the Department continues to fund outreach programs, such as the Young Marines and supports the Services' and the National Guard's community outreach programs in the Governors' State Plans. In addition, DoD encourages participation of all its personnel in

the numerous on-going volunteer outreach programs conducted by active duty and reserve units in the local communities.

Goal 2: Increase the safety of America's citizens by substantially reducing drug-related crime and violence. The Department will spend $95M this fiscal year in support of this goal and will support domestic law enforcement organizations, other than the support provided along the Southwest Border and for marijuana eradication. In one important area, the Department has made contributions by providing personnel to assist law enforcement in translations. To support law enforcement in these programs, as well as other areas, the Department funds the Governors' State Plans for use of the National Guard to support domestic Federal, State, and local law enforcement agencies in their activities to reduce drug associated crimes. In addition, the Department provides excess equipment to law enforcement agencies for their use in counterdrug operations and facilitates the sale of law enforcement equipment to law enforcement agencies in coordination with the General Services Administration. The Department also provides training, operational and non-operational support, and other services provided pursuant to Title 10, Section 1004 of the National Defense Authorization Act of FY 1991, as amended, and other specific legislation to enhance drug law enforcement capabilities. In addition, DoD continues to examine and maximize the effectiveness of the various DoD funded schoolhouse training programs provided to domestic law enforcement personnel.

Goal 3: Reduce health and social costs to the public of illegal drug use. The Department will spend $72M this year in support of this goal. DoD, through the military Services, continues to demand clear and firm anti-drug policies and employ random drug testing to reduce the use and demand for drugs. Similarly, drug testing and drug abuse education of civilian personnel and the drug-free workplace programs for DoD contractors receives continued attention. To reduce illegal drug use, the Department ensures DoD has effective military and civilian drug testing programs that meet required standards and testing rates. In addition, DoD is working to enhance and automate drug testing laboratory systems and improve random testing profiles used by military and

civilian organizations. To detect substance abuse early in the recruit process, DoD is working to enhance military recruit screening process to minimize acceptance of personnel into the military that will be drug abusers.

Goal 4: Shield America's air, land and sea frontiers from the drug threat. The Department will spend $441M this fiscal year in support of this goal. This support is both broad in scope and great in cost. Denying air and maritime cocaine smuggling in the transit zone region between South America and the U.S. border is the key outside continental United States (OCONUS) focus of this effort. In the continental United States (CONUS), the highest priority is our support of law enforcement along the Southwest border.

As the lead federal agency for the detection and monitoring of illegal drug shipments to the United States, DoD continues to employ a flexible and comprehensive air and maritime detection and monitoring capability, covering the transit zone between South America and the U.S. border. DoD operates two Relocatable Over-the-Horizon Radars (ROTHRs), seven P-3 counterdrug upgrade aircraft, two E-3 AWACs, four E-2s, four F-16 fighters, Navy combatants, and three TAGOS radar picket ships. Integral to the successful execution of operational missions using these assets are effective intelligence collection, analysis, and cueing programs that support all aspects of the detection and monitoring, and interdiction missions. Such intelligence is especially critical to counter maritime smuggling, which is the predominant mode of smuggling cocaine from the coast of South America. At the same time, we are addressing the maritime trafficking threat that continues in the Western Caribbean and along the East Pacific through increased training, cooperation and information sharing with host nation counterdrug security forces. In addition, and after the May 1999 closure of Howard Air Force Base in Panama, we will continue to provide detection and monitoring support with two strategic and important forward operating locations in Central America and the Caribbean.

In Mexico, the Department has provided training and assets and has worked with the U.S. interagency to foster bilateral and multilateral combined and coincidental operations and information sharing. Moreover, DoD has active agreements with Mexico, Central America and Caribbean nations that permit short-notice overflight and landings by U.S. aircraft and port visits by U.S. vessels.

To respond to the threat along the Southwest border, the Department has developed with the United States Customs Service, state of the art x-ray systems for non-intrusive inspections of truck and cargo containers. DoD also funds the National Guard in support of Drug Law Enforcement Agency operations along the Southwest border of the United States. The National Guard, in support of this goal, provides a wide range of operational support to include aerial reconnaissance and cargo inspection at ports-of-entry.

Through Joint Task Force-Six, in El Paso, Texas, DoD continues to provide coordinated Title 10 operational support by Active Duty and Federal Reserve components to drug law enforcement agencies throughout the Continental United States as authorized by Section 1004. Efforts are prioritized to the Southwest Border to deny the smuggling of illegal drugs into the United States. Authorized support includes reconnaissance, intelligence analysis, linguists, engineering, transportation, training and maintenance.

Goal 5: Break foreign and domestic drug sources of supply. The Department will spend $330M this year in support of this goal. The priority for DoD support in reducing the drug sources of supply is focused on cocaine production and movement in Peru and Colombia. DoD continues to provide critical support to the interagency Linear Approach, which is designed to dismantle the cocaine cartels and the cocaine "business." The Department continues to assist and enhance those countries' efforts against the predominant air transportation routes by traffickers, while also supporting them in countering the trafficker's use of rivers. Based on the threat concentration in Colombia, this area must remain the focal point of our efforts in the near term. Additionally, DoD

source zone support will be greatly enhanced with the addition of a forward operating location in South America.

In support of all U.S. counterdrug activities in South America, DoD executes extensive intelligence collection, analysis, and tactical cueing programs. These programs provide the necessary strategic, operational, and tactical intelligence required by the U.S. interagency and, also, as appropriate, by the Colombian counterdrug forces to affect successful operations and to understand the true nature of the cocaine production and smuggling threat.

A major portion of DoD source nation support is devoted to the use of assets for detection and monitoring of the movement of cocaine and coca products within South America. Specifically, DoD support to source nations continues to be demonstrated through E-3 AWACs patrols providing detection of suspected narcotrafficking aircraft and handoff to U.S. or host nation terminal tracker aircraft and host nation endgame aircraft. In addition, DoD continues to fund the deployment of tactical analysis teams to assist U.S. embassies in source nations with intelligence and target analysis. Lastly, a third ROTHR planned for completion in January 2000 and located in Puerto Rico will greatly increase the capability to detect and monitor air smuggling activity in the critical cocaine processing regions of Colombia and Peru.

In support of this goal, DoD support to Joint Interagency Task Force-West provides important capabilities to support the DEA-led effort to stop heroin smuggling into the United States from Southeast and Southwest Asia. In addition, DoD support to DEA in Asia is assisting host nations to become more effective in their efforts to interdict illicit drugs.

With regard to domestic support for this goal, the Department continues to support the National Guard's assistance to domestic law enforcement agencies to eradicate marijuana

growing in the United States and continued funding for research, development and field enhanced systems that will assist source countries in interdicting drug traffickers.

Restructuring the Theater Counterdrug Architecture

The majority of DoD's interdiction and transit operations in the Americas (described above in goals 4 and 5) were supported from U.S. military facilities in Panama, including over 2000 counterdrug flights per year originating from Howard Air Force Base. The counterdrug capabilities resident in Panama provided significant support to the efforts of the U.S. Customs Service, the U.S. Coast Guard, and the Drug Enforcement Administration.

The Panama Canal Treaty of 1977 mandated the withdrawal of U.S. military personnel from Panama and the reversion of all U.S. properties to Panamanian ownership by December 31, 1999. For approximately two years (1996 to 1998) the U.S. and Panamanian governments attempted to reach an agreement on the creation of a Multilateral Counterdrug Center (MCC) which would permit, among other things, continued counterdrug operations from Howard AFB. Due to a number of factors, including a lack of political support by the Panamanian population for the MCC, both countries agreed to end the negotiations in September 1998.

In order to offset the loss of basing rights in Panama and maintaining our current level of detection and monitoring support in the Hemisphere, the Department of Defense, through the United States Southern Command, has developed a new theater architecture that will assure continued support for detection, monitoring and tracking operations, as well as our regional engagement. Substantial progress has been made in setting up the new theater activities, including the merger of Joint Interagency Task Forces (JIATF) South and East at Key West, Florida.

Mr. MICA. Thank you. I yield my time to the chairman of committee, Mr. Burton.

Mr. BURTON. Thank you. I will try to be brief. I have to get to another meeting.

I was reading this global terrorism report that just came out this past month about the FARC and ELN guerrillas. Evidently the FARC commanders announced in March they would target United States military personnel assisting Colombian security forces. They have not acted on those threats as of yet and their heightened attacks against Colombian police and military bases did not target or incidentally kill or injure United States forces. But that threat was made in March, and I think we have to take it seriously.

The activities of the ELN, it says they conduct weekly assaults on oil infrastructure, typically pipeline bombings, and they have inflicted massive oil spills, extortion and bombings against United States and other foreign businesses, especially the petroleum industry. They anually conduct several hundred kidnappings for profit, including foreign employees of large corporations.

The FARC guerrillas engage in armed attacks against Colombian political, economic, military, and police targets. Many members pursued criminal activities, carrying out hundreds of kidnappings for profits. Foreign citizens are targets of FARC kidnappings, as well as documented ties to narcotics traffickers, principally through the provision of armed protection for coca and poppy cultivation and narcotics production facilities, as well as through attacks on government narcotics eradication efforts, and began in 1998 a bombing campaign against oil pipelines.

These are terrorist organizations, according to this report.

So my question to you, Mr. Romero, I presume the State Department still classifies FARC and the ELN as terrorist organizations. Is the State Department now willing to negotiate with terrorist groups?

Mr. ROMERO. Chairman Burton, thank you for returning.

First of all, let me say that I continue to be mystified, and perhaps you can tell me something that I don't know, in terms of your characterization of this contact as "negotiations."

You submitted a letter to the Secretary of State. We answered that letter in as complete a fashion as we possibly could. There were dozens of questions. In each of our dozens of answers, we started the sentence by saying this was not a negotiation. We offered in that letter to have your staff or yourself read the memorandum of conversation that was drafted from that conversation so that you would be able to determine for yourself that there was no negotiation that took place.

I don't know whether your staff or whether you were able to do that.

Mr. BURTON. Why don't you just tell us what they talked about?

Mr. ROMERO. Well, what they talked about—first of all let me just say that we responded to a Government of Colombia request to meet with the FARC guerrillas.

Mr. BURTON. What did you talk about?

Mr. ROMERO. We talked, if I can show you a little bit, or give you a little bit of the sequence——

Mr. BURTON. I don't really care about the sequence. I want to know what you talked to the FARC guerrillas about.

Mr. ROMERO. Well, as in our memorandum of conversation, our main concern and our main reason for talking to the guerrillas was to find out what happened to U.S. missionaries that had been missing for 6 years. We had tried through dozens of intermediaries that had contact with the FARC to find out what had happened to them in the intervening years, with no success whatsoever.

Mr. BURTON. Did you ask for their release?

Mr. ROMERO. We asked for an accounting of where they are, and, if they were alive, a release, absolutely. This was the principal reason for sitting down and meeting with them.

Mr. BURTON. So you asked for the release of them after 6 years. Now, what did they say?

Mr. ROMERO. They said essentially what we had heard from intermediaries, that they had been taken by a group that was loosely affiliated with them somewhere around the border with Panama, that this group had since broken off its affiliation with them, and that they undertook to look into the possibility of getting us information as to where they might be and what their status might be.

We told them—they told us that they would be willing to form a working group with us and the Colombian Government. We said no. We said no working groups. If they were affiliated with you, you could give us the essential information that would lead us to discover where they are and what their well-being might be.

Mr. BURTON. You don't consider that negotiating with them?

Mr. ROMERO. I do not consider that negotiation, Mr. Chairman.

Mr. BURTON. So you just went down there for informational purposes?

Mr. ROMERO. We went down there to express to the FARC that if there was any support that we would lend to a peace process, that they had to have accounted for these American citizens. This was the primary and the principal reason for meeting with them. If you look at the memorandum of conversation, you will see very clearly that that was the major part of what we talked about with the FARC.

Mr. BURTON. Did you talk about alternative developmental aid?

Mr. ROMERO. What we talked about was the nonnegotiability of our counternarcotics efforts as passed by Congress in its legislation last year, and that this would not be negotiable. This was a component of the conversation that the Government of Colombia wanted us to talk to them about, that if they impeded in any way counternarcotics operations, that the government could in no way enter into any agreement that would impede those operations, or suffer loss of United States aid. And the Government of Colombia wanted us to tell that to them, and we did.

Mr. BURTON. So you didn't talk about alternative developmental aid?

Mr. ROMERO. Not to my knowledge, no. But our line on alternative development is that it cannot go to guerrillas in the absence of a peace agreement or the absence of significant movement toward a peace agreement.

Mr. BURTON. Did you talk at all about the ceding of land to their organization?

Mr. ROMERO. No, that is not our call to make. That is the Government of Colombia. I don't know where you are getting this, Congressman.

Mr. BURTON. And there was no alternative development aid discussed?

Mr. ROMERO. Not to my knowledge, no.

Mr. BURTON. You know, that is something that is interesting about this administration. Every time we have somebody before the committee, they don't say yes or no, they say "not to my knowledge" or "I am not sure" or "I can't be positive"—I mean, as far as giving a straight answer, we don't get it.

Now, who do we have to talk to to get a straight answer to find out about that?

Mr. ROMERO. Mr. Chairman, if you will give me a second, I have got the memorandum of conversation here. It is classified. I would be happy to let you take a look it and read it outside of these proceedings, or, if you would like me to read it, I can read it over and characterize it in a nonclassified fashion.

Mr. BURTON. I don't want you to characterize it, because the semantics kind of lose us a little bit. What I would like to do is have a copy of it, we will read it and then we will get it back to you.

Mr. Chairman, I see that my time is about to expire. I have a number of other questions. If I can get back here from my other meeting, I will try to get it on the second round. But in the meantime, I wish you would, Mr. Chairman, insist that we have a copy of that classified document so we can take a look at it.

Mr. MICA. Without objection, I think that would be made available to you as chairman or members of the subcommittee or committee.

Just in conclusion, I have a few moments left here. I am concerned about the pattern of coverage. I have a report from yesterday in Defense Weekly that actually says, I think General Wilhelm said it is less than 50 percent of the coverage employed in the region before 1990. Would you concur with that statement?

Ms. SALAZAR. Are we talking as of today, right now, sir?

Mr. MICA. Well, as of yesterday.

Ms. SALAZAR. As of yesterday, that could be the case. We only have, as I described to you, a number of assets flying out of these FOLs right now at this moment, so that could be exactly right.

Mr. MICA. Also, you presented to the committee a proposal for $45 million additional. That is on top of the $73 million in the proposal by the drug czar for this operation, is that correct?

Ms. SALAZAR. That is correct. But that $43 million is coming from DOD.

Mr. MICA. Where is that coming from specifically in the 1999——

Ms. SALAZAR. Reprogramming action?

Mr. MICA. Yes.

Ms. SALAZAR. I can get that answer for you, sir.

[The information referred to follows:]

ANSWER: The $200 million referred to in the May 4, 1999 hearing concerns the costs to establish a FOL in Manta, Ecuador, and it is not a figure provided by Ms Salazar. There have been several surveys conducted to gather information on each FOL. As may be expected, the assumptions and cost estimates varied. The $200 million you referred to at the hearing is close to the total estimated $182 million cost for all FOLs, which was developed in the February 1999 FOL survey. The $73 million to which you referred at the hearing is the FY 00 budget submission for construction costs and operating costs for all the FOLs, as well as costs associated with reorganizing United States Southern Command (SOUTHCOM)/Joint Interagency Task Force-East (JIATF-E) counterdrug operations in the theater. These costs were derived from figures available in Fall 1998. [Regarding the figures contained in your question, please note that they are not additive. They are instead, a range of costs.]

The FY 1999 $45 million reprogramming, which was sent to Congress in February 1999, was to cover the uprogrammed costs of moving SOUTHCOM counterdrug operations out of Panama and reconfiguring the command to function in its various new locations. Only $6 million of the $45 million reprogramming pertained to the FOLs. None of the $45 million reprogramming in 1999 was to cover military construction (MILCON) at the FOLs. The source of funds for the $45 million reprogramming is the Defense Working Capital Fund.

Mr. MICA. I think that is very important. The other quick last question, and I will cede to our ranking member, is Mr. Romero, you told me you broke off negotiations in September 1998, is that correct?

Mr. ROMERO. We announced the negotiations had concluded.

Mr. MICA. I believe we were in Panama in February. Before that, we were notified that basically the administration had made a determination that we were being literally kicked out and that we were not going to negotiate further. There wasn't an opportunity for us to have a presence there. We didn't conclude these agreements until just recently, the interim agreements, is that correct?

Mr. ROMERO. The interim agreements on the FOLs?

Mr. MICA. Right.

Mr. ROMERO. That is correct, April 1st and April 13th, I think, were the operative dates.

Mr. MICA. And the Ecuador agreement expires this September?

Mr. ROMERO. Correct.

Mr. MICA. And we have a very unstable situation right now in Ecuador. Ecuador also requires some—may require some $200 million additional.

Ms. SALAZAR. We are getting differing accounts. $200 million would be the top line of that. Right now we believe it is between $80 and $100.

Mr. MICA. If we went to Aruba or Ecuador today, Curacao, Aruba, or Ecuador, how many folks would we find there, American personnel?

Ms. SALAZAR. If you give me 2 seconds, I can probably count. There is a number of teams right now I think in all three sites. I can't give you the definite number.

Mr. MICA. Can we get that number as of——

Ms. SALAZAR. As of today, right now, yes.

[The information referred to follows:]

Curacao: 54; Aruba: 49; Manta: 0*; Total: 103.

*USN P–3 rehearsal April 30 to May 2, 1999, 1 aircraft and 36 personnel. Additionally, a 40 person SATAF visited from May 9 to May 23, 1999.

Mr. MICA. But there would be very few folks there?

Ms. SALAZAR. Depending on the classification of folks, we still have people doing assessment teams. We are going to have pilots. We have some maintenance. We have kind of a group of people in each one of the FOLs. What we can do is provide you a list of who is actually there today and what they are doing.

Mr. MICA. Finally, who is flying out of each of those locations today?

Ms. SALAZAR. I can get that.

[The information referred to follows:]

ANSWER: On May 4, 1999, there were no CD flights scheduled from Curacao/Aruba or Manta, Ecuador. The CD assets in place at the FOLs on May 4 were:

Site	Quantity	Aircraft Type
Curacao	1	USN P-3
	1	Dutch P-3
	2	USN E-2
	4	USAF F-16
Aruba	2	USCS C-550 Citation

Manta – 0*

*USN P-3 rehearsal April 30 to May 1, 1999, 1 aircraft and 36 personnel.
[Additionally a 40 person Site Activation Task Force Team (SATAF) visited from May 9 to May 23, 1999.]

Mr. ROMERO. Mr. Chairman, in the meantime, if I might address your issue of concern vis-a-vis Ecuador's stability, political stability. I think that for a long, long time, the Ecuador polity has been divided particularly as it relates to reform issues and the effects of international financial contagion and that sort of thing. They are on the cusp of reaching an agreement with the IMF. I think it will provide over half a billion dollars in relief. The country seems to be going back to a situation of greater normalcy.

But in none of that was the relationship with the United States in any way threatened. I think most of the major political parties in Ecuador are very pro-United States and support Ecuador.

Mr. MICA. The Senate held up the aid to Ecuador, I believe, in their bill, foreign aid.

What concerns me, that is a very short-time interim agreement, and also we are looking at some substantial costs. First of all, the drug czar brought to us a $73 million price tag for moving this operation, just in this year's budget. You are bringing us today an additional $45 million. Then there is a possibility of another $200 million. So I think we have only seen the beginning of the cost to move this versus the option of possibly paying rent to stay where we were, which was precluded.

Did you have the answer?

Ms. SALAZAR. Sir, perhaps if you would allow me, what I could do, I think there is some confusion with the numbers, and in fact I am confusing myself.

Mr. MICA. We would like to know the number of personnel as of the date of this hearing that are there in any capacity, and then the number of flights that took off today and each service that was involved or any operations. If you could provide that.

Ms. SALAZAR. Yes, sir. If you would allow me, we could also provide a budget sheet that kind of outlines what the costs are going to be, at least as we have that.

[The information referred to follows:]

FY 99: $17.1 M; FY 00: $83.0 M; FY 01: $131.7 M; FY 02: $44.9 M; FY 03: $44.9 M.

- Figures include projected operating costs and projected construction costs.
- Construction will be undertaken in FY 00 and FY 01, this accounts for large amounts for those two years relative to the rest.
- FY 02 and beyond assume steady state operations.

Mr. MICA. I want to know specifically where the $45 million is coming from too.

Ms. SALAZAR. Yes, sir.

Mr. MICA. With those questions, I have many additional questions, but it is only fair now to yield my time to the ranking member.

Mrs. MINK. Thank you, Mr. Chairman. The information that we have received today I find very distressing. The fact of the matter is from your testimony, Ambassador Romero, the government knew back in March of last year that there were difficulties in the negotiations and that there was a reasonable assumption that they could not be concluded satisfactorily.

Then the negotiations were terminated in September. Yet we don't have any interim agreements for a takeover surveillance operation that would come anywhere near the capacity offered by our

Panama installation until April of this year, let alone the absence of adequate budgetary arrangements. I find that very disconcerting in terms of any specific awareness on the part of both the Department of Defense and the State Department of the crucial nature of these activities.

That is really the function of this subcommittee. It is probably easy to make observations after the fact, but that is really what an oversight is, to try to examine what happened and to try to raise some questions as to future decisionmaking.

It seems to me that the close down of operations or negotiations by the State Department last March or September was extremely precipitous. If, as I understand the Ambassador's statement, it was largely on the basis that the 12 year agreement suddenly collapsed to a 3 year agreement.

Given the fact that the interim arrangements you now have for the two or three FOLs is only for a very short period of time not to come up to speed until the year 2001, what would have been—and this is a question to both of you, what would have been the jeopardy of seriously taking the 3-year reduced agreement so that our facilities at Howard Air Force Base could have been maintained while at the same time giving our government greater latitude and time to develop substitute operations if the 3-year period went by without a long term multiple international narcotic center being fully established?

I think that is a very commonsense sort of inquiry that most people listening to the testimony would come to. So I put that question to both of you.

Mr. ROMERO. Congresswoman Mink, let me just make one correction. I regret if I meant to imply that things stopped or ground to a halt a year ago last March and that there was nothing done between that and September.

Quite frankly, what happened in the interim period was that we were talking to the Panamanians, trying to get them to move off of the insistence on 3 years, hoping that we would be able to make progress there and also on other issues.

We waited until August because there was a hope that if President Perez Balladares would have won the referendum and been able to run for a second term, that he would be able to rethink the position on duration and also on other missions, and in hopes that winning that would give him——

Mrs. MINK. My point is not the rethinking of the 3 years to a longer period, but why the 3 years was unacceptable? I mean, I think you have to go to the final point and really make a judgment as to whether you wanted to conclude negotiations because the 3 years was unsatisfactory, when within the 3 year period, you could have laid the foundation for a stronger development of an alternative policy which we apparently do not have and will not have in place until the year 2001.

It might not have been a final agreement, but neither is 12 years; 12 years will come very quickly. So what was wrong with 3 years? I guess that is my question, given the fact that we were ill-prepared to have a complete shutdown on May 1st?

Ms. SALAZAR. Can I just add to Ambassador Romero's comment?

I guess one of the concerns was that the amount of resources and upgrading that would require even with the MCC, was troublesome to put that investment if we were only going to be in Panama for 3 years. And, in fact, I know I was not part of the Department of Defense at the time, but it was my understanding there was conversations with the Hill and with a number of people and there was concerns that if we were going to make that investment, that the bottom line should, among the others, should be at least 10 years.

Now, you are absolutely right, Congresswoman Mink, the short-term agreements and the interim agreements are only interim as we develop a long-term agreement. We are going to have to find a number that allows us to justify before you all the investments in infrastructure we are going to make. It is my sense that if we returned with an FOL agreement that basically allows us only assurances of being in these FOLs for 3 years, and then we kind of request the amount of money we are going to need in order to upgrade them, there would be a lot of questions.

So in part it has to do with the investment and the amount of money we put in the upgrades and the risk you run that you are only going to be there for 3 years.

Mrs. MINK. What was the cost that you were working with in terms of setting up an MCC in Howard Air Force Base, and why the 3-year stipulation made that investment of cost unreasonable?

Ms. SALAZAR. I will find out for you. I think some of the costs had to do with DOD. I believe it had to do with some of the other agencies. But we will provide you that number.

Mrs. MINK. Would you then note the comparative costs of the establishment of the FOLs as now contemplated in your forward plan for subsequent years so we could see a comparison between the two?

Thank you, Mr. Chairman.

Mr. MICA. I thank the gentlelady. We will have additional questions to submit to both of you.

I recognize now the gentleman from Georgia.

Mr. BARR. Thank you. Thank you, Mr. Chairman.

Mr. Ambassador, today's Panama-America is reporting that our Ambassador, Mr. Ferro, has publicly ruled out negotiating a continued United States troop presence or antidrug center with the President-elect.

Are those press reports accurate?

Mr. ROMERO. I think that the chances are fairly remote. We have already closed down Howard. We had a window of opportunity before that drawdown started. The Air Force tells us that now they have drawed down, it would be exceedingly more difficult, particularly if you were to begin negotiations now, to draw back up again. Then you have got issues related, I am told, to deferred maintenance and other upgrades that would be necessary to put Howard back on a good footing.

Besides that, there is no indication that the new President-elect would be willing to address the issue. In fact, I have got a quote here from her that basically says, this is public, "We do not want those bases in our country, as of December 31, they are finished." This might be campaign rhetoric.

Mr. BARR. It may be. So what you are saying is the United States has ruled out negotiating any continuing presence in Panama with the President-elect.

Mr. ROMERO. Congressman Barr, I wouldn't rule it out. What I meant to say was that we have no programs. We wouldn't rule anything out, but we have no plans currently.

Mr. BARR. Are the press reports accurate or inaccurate?

Mr. ROMERO. The press reports about Ambassador Simon's remarks, I can't tell you without reading them myself, but I can say that we have no plans to engage in them.

Mr. BARR. Let me pose it this way: If, in fact, there are press reports in Panama that our Ambassador has publicly ruled out any negotiation concerning a continued United States presence, would those press reports be accurate or inaccurate?

Mr. ROMERO. I suppose they would be, if that is what the press reported.

Mr. BARR. Would be what?

Mr. ROMERO. Would be accurate.

Mr. BARR. Accurate. It is my impression that the President-elect has said that she does favor some sort of at least joint programs and joint operations with the United States. Is that your understanding as well?

Mr. ROMERO. I don't know that, Congressman, Barr. I would hope that that would be the case.

Mr. BARR. What has been the substance of our government's negotiations or discussions with Ms. Moscoso on these matters?

Mr. ROMERO. I don't think we have negotiated with her. I think she was apprised with the negotiations as they were related by the Perez Balladares government. I believe our embassy has had discussions generally, but I don't believe they have had them exclusively on this point.

Mr. BARR. Well, it doesn't matter, I am not asking whether they have sat down and talked exclusively about something or not.

What I am wondering is, has our government engaged in any form of discussions, official or—I presume they would be official—with the President-elect concerning the nature of any continuing relationship between the United States and Panama concerning joint operations, joint presence, and so forth?

Mr. ROMERO. Not to my knowledge, no.

Mr. BARR. Do we just not do that as a matter of policy with a Presidential candidate that might be in a position to assume the leadership of a country?

Mr. ROMERO. I think that for the purposes of the State Department acting as an agent for the Department of Defense in these negotiations, essentially what we are told is once Howard closed down, it would be too late for the base to be rejuvenated without a significant increase in funds to get it there and that 3 years was not sufficient to go to the committees up here on the Hill to make that kind of case in terms of taxpayer dollars.

That is essentially where we are.

Mr. BARR. Well, we are talking about expenditures of money here somewhere along the line. I share the ranking member's mystification at why we didn't have some contingency planks.

When I was last down in Panama very early in 1998, there were very clear indications at that time that there were problems in the negotiations, and yet here we are in May 1999 still sort of floundering around, looking for something that might give us some sort of presence down there.

With all due respect to whoever made up these charts, Ms. Salazar, they are absolutely meaningless. You have red arrows shooting all over the place. You have circles all over the place. That means absolutely nothing because there is no information on them.

I mean, if you say well, we are T2 plus S2 or something equals 100 percent and we are at 50 percent or what not, I have no idea what you are talking about with those. There are no figures up there. There isn't even a radius. That is silly. I think it is insulting to come forward with that kind of silliness.

What do those mean? How many planes are up? How many planes are operational? Are the P–3's, which you sort of glossed over, did they have the adequate hardware? It is my understanding that they don't, that they don't have the AIP upgrades, for example. F–16's, that sounds sexy when you talk about F–16's, but that isn't really what we need down there.

We need the P–3's, we need the on-ground presence. What is the cost of these? It is my impression the per diem cost of housing our officials in some of these areas is three or four times what it costs to house them at Howard.

We have estimates of simply the cost for the initial upgrades and repairs ranging anywhere from $78 million to $125 million, and yet we say oh, we can't do anything with Howard because it would cost money.

I mean, to me, to be honest with you, I think you all were looking for a reason not to move forward with this. There is a statement, Ms. Salazar, in your prepared remarks that the lack of political support by Panama is the reason for this.

It is my impression that there is very, very substantial political support in Panama for continuing some sort of joint presence down there. If we simply rely on newspapers—and, I think, again we are just looking for an excuse. What is the Department of Defense's position, Ms. Salazar, with regard to negotiations with the President-elect? Have you all had any discussions with the President-elect or, again, is this—we can't deal with the President-elect or whatnot?

What is the position of the Department of Defense with regard to any sort of continuing negotiations to try and arrive at an arrangement where we could maintain some form of meaningful joint presence with the Panamanians? Are there any such negotiations? If not, why not? If there are, what is the nature of them?

Ms. SALAZAR. Sir, the Department of Defense would not necessarily have conversations with Presidential candidates or now the President-elect. We would actually defer to the Department of State to do that.

Mr. BARR. So there have been no negotiations, no discussions?

Ms. SALAZAR. Not from DOD's position. But that would be the case regardless of—we just don't normally do that.

But I would say that——

Mr. BARR. You all just seem to be putting this thing back and forth.

Ms. SALAZAR. No, sir.

I think actually there would be perceived with a certain distrust if we had a high ranking DOD official in conversations with Presidential candidates.

Mr. BARR. Distrust with who?

Ms. SALAZAR. We normally defer those types of conversations to the Department of State.

Mr. BARR. So the Department of State would be distrustful of DOD if you all sat down with some of the Panamanians and talked about these things?

Ms. SALAZAR. No.

Mr. ROMERO. Let me see if I can clarify here. These issues are highly candescent in Panama.

Mr. BARR. Highly what?

Mr. ROMERO. Highly explosive in Panama. To have entered into negotiations or discussions or what have you during the course of a political campaign would have made it probably even more difficult because they would have been the centerpiece of a political campaign. Certainly United States uniformed troops in Panama after the post-1999 handover of the canal would have been a major campaign issue.

If indeed we do ultimately speak to the President-elect about this, and I would venture to say that she is not officially the President-elect, the elections were Sunday, today is Tuesday, the electoral tribunal has yet to be announced tomorrow morning.

Mr. BARR. The universe of people we are talking about there is two. There are two Presidential candidates.

Mr. ROMERO. Correct.

Mr. BARR. One of those will be the President of Panama.

Mr. ROMERO. And one will not; that is correct.

Mr. BARR. It seems to me saying we can't talk with these people or whatnot, it just mystifies me, unless things have dramatically changed since I used to be in the executive branch where we drew up contingency plans, we talked with different people, we weren't constantly blindsided.

Mr. Chairman, if I could just ask one final question in this round for Ms. Salazar, there is a lot of money that we have been talking about that would be necessary for these FOLs, whatever you all call them. How much would it cost to maintain some sort of presence at Howard along the same lines we are talking about trying to pick up through these other circles that you all had out there?

Ms. SALAZAR. I would venture to say it probably would be similar, except that we would not require the infrastructure. Depending on what site, if we stayed at Howard, the infrastructure is existent, we would not need the upgrades.

But I would venture to say we would still have to pay the O and M perhaps TDY, depending on what happens to some of the buildings. But I would venture it would be very similar to the O and M and some of the TDY we would be using for some of the other FOLs.

Mr. BARR. The cost per day per crew would be substantially less at Howard.

Ms. SALAZAR. It should be, if we had access to those buildings. I mean, without knowing and without speculating too much, I am

not too sure if we had an FOL in Panama, the way programs you are suggesting, that we would have access to the buildings where they were staying as of right now. We may have to stay in hotels, the same way we are, at least initially, doing in Curacao, Aruba, and in Manta.

Mr. ROMERO. One difference, Congressman Barr, is that we don't pay for the maintenance of any of these airstrips, where we would be paying approximately—I think we paid $75 million last year for the operation of Howard. We don't pay operation or maintenance costs.

Mr. BARR. OK. Thank you, Mr. Chairman.

Mr. MICA. A couple of quick questions, if I may.

First of all, Mr. Romero, the missions that you discussed with Panama in negotiations, they were for multi-missions or just a drug presence?

Mr. ROMERO. No, we had been discussing with the Panamanians multi-missions, to include humanitarian, disaster relief, search and rescue, logistic support to some of our other embassies, beyond counternarcotics.

Mr. MICA. And that was one of their objections, and they agreed just to a presence as far as an antinarcotics effort, with no other missions; is that correct?

Mr. ROMERO. It was a little bit more complicated than that, Mr. Chairman. We had allowed them the ultimate say on other than counternarcotic missions. In other words, the Panamanians could veto a mission or not. That was written into the agreement.

Mr. MICA. If it had been just antinarcotics missions, they would have said OK?

Mr. ROMERO. They would have agreed. That would have been one component that would have been agreeable.

Mr. MICA. When we negotiated with Aruba and Ecuador, do we have a multi-mission agreement?

Mr. ROMERO. No, counternarcotics.

Mr. MICA. Only counternarcotics?

Mr. ROMERO. Correct.

Mr. MICA. So we really have achieved nothing except incredible potential costs to the taxpayers for the move and less coverage; is that correct?

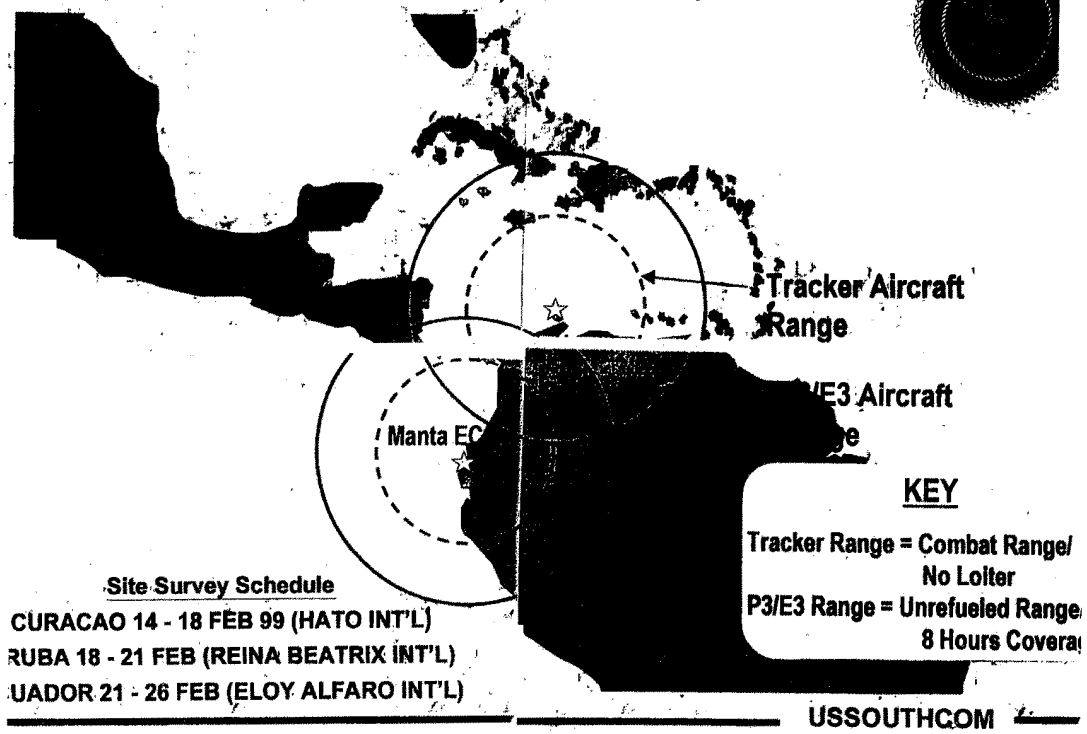
Mr. ROMERO. I am not so sure that it is a greater cost, Congressman. I think I would like to see the breakout here.

Mr. MICA. We just were presented a $45 million price tag. The drug czar came before us, presented $73 million. There is a potential for $200 million. That isn't loose change, particularly when it takes away from the rest of our counternarcotics effort, or if we were putting in drug education. $400 million, half a billion, would go a long way in this whole effort.

Would you put up the chart that showed the coverage, please.

[The information referred to follows:]

Coverage With Potential FOLs



Mr. MICA. Would the staff please—where is the chart. Would you give them copies of this. Mrs. Mink's staff over here, Mr. Gilman.

This chart that I am showing here, I don't have a big one of it, but I provided that to you. Mrs. Mink, myself and others from the subcommittee went to Panama and—I am sorry, we went to Miami, met with SOUTHCOM folks there and were briefed and given this chart in February; isn't that right, Mrs. Mink?

Mrs. MINK. Yes.

Mr. MICA. We were, again, an oversight subcommittee of Congress trying to figure out where we are and what we are doing. This is back in February.

We were told, and you can see it here, SOUTHCOM's estimation. First of all, where did this chart come from, the information from there?

Ms. SALAZAR. This is actually a chart from Joint Staff, sir, which has been approved and is supported by SOUTHCOM.

Mr. MICA. OK. Well, again, we were given this potential operation performance. Again, we see the current level at 100 percent. We see with agency augment FOLs, May 1st would be 70 percent. We are told today, at best, we are less than 50 percent. Then with FOL Curacao, Equador, first of May 1999 with DOS, Department of State access, 80 percent. So we haven't met these estimates by SOUTHCOM; is that correct?

Ms. SALAZAR. No, you are absolutely right, sir. I believe that when these slides were produced, these are from February, your trip in February; is that correct?

Mr. MICA. Right.

Ms. SALAZAR. There were some expectations that we would be able to conclude the negotiations of the FOLs, the interim negotiations, a number of weeks earlier. So the fact that we did not have the interim agreement until April 1st in a sense, I believe, is reflected in these charts. So our ability to come in with the teams the way we have in the last 2 weeks was affected by it.

Mr. MICA. But we have a pretty serious gap in coverage that wasn't anticipated. Let me ask you a question. Relating to the negotiations, now, for some time, and I am trying to figure out who was sort of in charge of this. I get sort of conflicting reports. But the Department of State led the negotiations. That is correct?

Ms. SALAZAR. That is correct.

Mr. MICA. We knew they were going down the tubes. DOD, can DOD tell DOS how much lead time they would need?

Ms. SALAZAR. Are we talking about the interim negotiations, sir?

Mr. MICA. Well, we had a performance level that was projected in February.

Ms. SALAZAR. Right.

Mr. MICA. You don't open these bases overnight. I would imagine you are still scurrying to get personnel and equipment there; is that correct?

Ms. SALAZAR. You are actually right. Yes, sir.

Mr. MICA. But we knew about this in April. Is there a document that you provided to DOS to tell them how much lead time you would need to get equipment and personnel and start operating?

Ms. SALAZAR. Sir, we knew actually earlier in the year the difficulties—the number of difficulties that this could potentially create in negotiating FOLs.

Mr. MICA. Was there a document that said to move this equipment here, we need such-and-such lead time?

Ms. SALAZAR. Yes.

Mr. MICA. Can you get us a copy of that?

[The information referred to follows:]

The following information is an excerpt from State Department Circular 175 request for blanket authority to negotiate and conclude agreements for "Forward Operating Locations" (FOLs to support) counter-narcotics missions (Developed in coordination with the Department of Defense). All dates are for 1998.

> *"To prevent initial degradation in our CN surveillance coverage as of May 1, we should begin as early as March 15 to move assets, write contracts for services, etc."*

The full circular 175 is not cleared for public release.

United States Department of State
Action Memorandum #9902687
February 16, 1999

Ms. SALAZAR. Of course, sir. SOUTHCOM had produced some deadlines early last year as to what needed to happen in order to be able to fulfill the requirements that are outlined here.

Mr. MICA. But State did not perform as far as being able to negotiate those interim agreements.

Ms. SALAZAR. No, I would say in fairness to State, sir, we went and specifically requested that they appoint an FOL negotiator and it was a very—he has been excellent.

Mr. MICA. When was that individual appointed?

Ms. SALAZAR. That was some time, when, 3 months ago?

Mr. ROMERO. About 3 months ago.

Ms. SALAZAR. About 3 or 4 months ago. Within that time, they were able to negotiate relatively fast, I would say, in comparison to other types of negotiations.

Mr. MICA. Because I think they just started in February or were starting around that period of time. One other, I am concerned about the information that has been given us in the past assuring us that things would be in place today.

Ms. SALAZAR. Right.

Mr. MICA. And we are not here to be bad guys.

Ms. SALAZAR. I know.

Mr. MICA. Our job is—the responsibility is to see that the surveillance, particularly in this counternarcotics effort is in place, cost effective, et cetera.

What concerns me is, first, that what we were told has not taken place. It concerns me about the projections for the future, the situation with Ecuador, et cetera.

Now I am very concerned about what has taken place in Panama. I was told, both publicly and confidentially, that the port tenders that were just recently awarded, one, I guess, to the Chinese majority interest. I guess the Chinese Army has an interest in one of those, but I was told that those tenders were corrupt. Do you have any knowledge, Mr. Romero? Are we getting information that that tender was corrupt?

Mr. ROMERO. I think we spoke out about some deep doubts that we had during the time of the actual solicitation itself. It seemed to be more an auction as opposed to a transparent and aboveboard bidding process.

Mr. MICA. OK. Not transparent.

Well, we have Jose Castrillan Heneo, Colombian drug trafficker, who was taken to the United States last year, who helped finance President Ernesto Perez Balladares' campaign with hundreds of thousands of dollars, is starting to talk from a Florida prison in Tampa, not my district, but close by. And he has reportedly detailed corruption at the highest level of the Panamanian Government, including the Vice President's involvement in some corrupt actions and a host of others.

I am concerned about the State Department following up on these allegations. I am concerned about the correct tender. I am concerned about Howard Air Force Base, 5,600 buildings, huge assets in the operation of a strategic canal that is responsible for a good percentage of the world's shipping, particularly in this hemisphere, now also falling into similar hands.

Is the State Department concerned about this?

Mr. ROMERO. Well, first of all, as part of the treaty, you have a commitment on the part of the Panamanians for the permanent neutrality of the canal.

Mr. MICA. I am sorry?

Mr. ROMERO. Permanent neutrality and safeguarding of the canal.

Mr. MICA. Are you saying, if we had to, we could go back in there?

Mr. ROMERO. What I am saying is they are obligated legally to safeguard the neutrality of that canal, in times of both war and peace, giving preference to U.S. vessels in transit.

Mr. MICA. What about Howard Air Force Base now? That is up for grabs to the highest corrupt bidder?

Mr. ROMERO. I am told that the Panamanian Government has no plans to continue that as an airstrip or a base.

The Panamanians established an entity called ARI, and this is responsible for the sale and use of reverted properties from the canal, part from the canal operations, canal installations, per se. They've done a pretty good job in selling some of the smaller properties, the residences, some of the smaller warehouses, et cetera, but have not yet succeeded in doing much in terms of interesting large investors to invest in the area, and you see some of the buildings and facilities going to seed as a result of that.

There's an enormous cost in maintaining these after they're turned over to the Panamanians. There's been excessive paperwork and——

Mr. MICA. Finally, are we monitoring some of the strategic assets that we helped construct and maintain over the years, falling into hands that may cause a serious problem. Such as—I don't know what's going to happen with the port quite frankly, but there are some other strategic assets, this base, airstrips, camps.

Mr. ROMERO. We continue to meet within the context of the intelligence community, and we are also looking at a number of things post-December 31, 1999, one including the threats to the canal, what we can do to support the Panamanians in standing up a good security force to secure the canal and working with other countries, et cetera, and that process is ongoing, Mr. Chairman.

Mr. MICA. Yield to Mrs. Mink.

Mrs. MINK. The question that the chairman asked, something that we were discussing earlier, and that is the nature of the negotiations with the Panamanians with reference to the extended or continued use of portions of Howard Air Force Base for the narcotics operations, and what both of us don't quite understand is who was making the policy, the process determinations, the final decisions as to whether the counterproposals from the Panamanian Government were acceptable or not? Was it the State Department or was it the Defense Department?

Mr. ROMERO. As it related to cost-effectiveness, which is essentially what it all came down to, whether you're talking about duration or missions or whatever, it was the Department of Defense and the Air Force which had to make that call because they were the ones who had to go to the committee to ask for an appropriation.

Mrs. MINK. Is there a memorandum to that effect, DOD and State Department, that we would be privileged to have a copy of?

Mr. ROMERO. I'm not aware of one but we'll certainly look.

Mrs. MINK. Thank you, Mr. Chairman.

Mr. MICA. Thank you, and we will ask a question to receive that, if it is available. I'd like to yield now to the gentleman from New York.

Mr. GILMAN. Thank you, Mr. Chairman, for yielding. I regret I had to go to a leadership meeting and missed part of the testimony, but I was reviewing the testimony once again.

Mr. Romero, will the President's special envoy to the Americas, Buddy McKay, be traveling to Panama shortly as reported in the Panamanian press?

Mr. ROMERO. That's my understanding, Mr. Chairman.

Mr. GILMAN. And what will he be discussing with the Panamanians? Are there further negotiations underway?

Mr. ROMERO. He will be going down there to meet with the Government of Panama, presumably the current President and to include the President-elect, and he will be speaking at the commencement ceremonies of my alma mater down there, Florida State University.

Mr. GILMAN. In your opinion, is there still some possibility of reopening these negotiations?

Mr. ROMERO. In my opinion, Mr. Chairman, that would really depend on the cost-effectiveness of them. We've been told that the cost would, particularly as it related to such a short duration, not bear the kind of laugh test, if you will, in the committee up here given 3 years. Now, there might be a change of heart. We could look into it to see if there is, but the words of the President-elect during the campaign are not particularly encouraging.

Mr. GILMAN. Of course, right up to the campaign they were encouraging. They had all but agreed to sign the treaties and then I guess a few months beforehand they dropped out of the picture.

Let me ask, maybe it's the Department of Defense that should answer this. With regard to cost discussions, the operating costs differential between P–3 operations in Lima, Peru, and Howard Air Force Base in Panama for November and December 1997 deployments came to $2,200 per day per 13-man crew of heavier costs in Peru as compared to Howard. This represents only the M&IE costs and not the added associated aircraft costs as they relate to flight hours. So if we were to assume an 8-day deployment, differential costs could climb to $17,000 per day over an 8-day deployment, and when projected at a yearly rate, assuming one deployment per month, a differential source to $211,000. So the total M&IE yearly budget for the P–3 program then becomes $960,000. So the differential represents about a 22 percent increase in the budget. Can you comment on that?

Ms. SALAZAR. Yes, and perhaps I should apologize for not being clearer on that subject. What we're trying to create with the FOLs is something of a presence within the region. As you note—as you can note with the numbers you—as you suggest with the numbers, flying out of Peru is much more expensive than flying out of Howard, and the reason for that is we do not have a permanent presence in Peru. That means we don't have people who, on a regular

basis, are providing maintenance. We don't have the infrastructure. It's just because it is not permanent simply is much more expensive.

What we're trying to do with the FOLs is create that presence, that support that we were receiving in Howard for the CD assets within the FOLs. So, in fact, and it's something I did not mention during my testimony, we continue to fly out of a number of airports with CD assets around the region. It is more expensive, it's difficult and we have to request permission on ongoing bases as we go into these airports. With the FOLs, we will not have to do that. We will have a permanent presence. It will be cheaper than these temporary arrangements we have with these other airports.

Mr. GILMAN. Well, Ms. Salazar, the facilities in Ecuador and Manta, for example, will require substantial upgrades.

Ms. SALAZAR. You're absolutely right, sir.

Mr. GILMAN. How much money is this going to cost and how much does that compare to the cost of staying in Panama?

Ms. SALAZAR. Well, the difficulty of calculating the cost, at least from my perspective, is I look at it from a CD perspective. As you know, the Air Force—Howard Air Force Base was a multi-mission air base. The cost that I would be incurring within my budget would be exclusively counterdrugs. So when we look at the overall cost for Air Force—and I was in conversations with General Wilhelm last night as to how could we compare what he was paying for just Howard for our CD activities. He could not give me that number.

Mr. GILMAN. How much will it cost to improve the airport in Ecuador?

Ms. SALAZAR. In Ecuador? We're talking about—I would say most of the upgrades will be for Manta, sir, and it could be up to—so when we're talking about the $70—between $80 and $100 million, a lot of that will be for, for Ecuador.

Mr. GILMAN. $80 to $100 million?

Ms. SALAZAR. No, no, I'm sorry. Approximately $40 million.

Mr. GILMAN. $40 million just to upgrade one of the airports?

Current estimates have shown that about 75 percent of the heroin entering our Nation comes from Colombia and that's smuggled into the United States through three major ports of entry, one of which is New York City.

Ms. SALAZAR. Correct.

Mr. GILMAN. In light of the fact that New York has been designated a high intensity——

Ms. SALAZAR. Correct.

Mr. GILMAN [continuing]. Drug traffic area, can you explain why the National Guard has decided to cut the New York National Guard's counterdrug budget for fiscal year 2000 by some $400,000?

Ms. SALAZAR. Sir, I'm going to look into that. I just spoke to the TAG about a week ago. I have actually a very—I've been developing a relationship with the different counterdrug programs within the country and one of them is New York, for the reasons that you specified. I am not aware that they were going to be cut. I will look into it.

Mr. GILMAN. I'd welcome that and I'd welcome your submitting a response to the committee.

Ms. SALAZAR. Absolutely, sir.

Mr. GILMAN. Mr. Chairman, without objection, if that could be made part of the record.

Ms. SALAZAR. Absolutely.

Mr. MICA. Without objection.

[The information referred to follows:]

Hearing Date: May 4, 1999
Committee: GROC-Criminal Justice
Congressman Gilman
Witness: Ms. Salazar, DASD(DEP&S)
Question #1

National Guard Counterdrug Support to New York:

Question: Current estimates have shown that approximately 75% of the heroin entering the United States comes from Colombia. This heroin is smuggled into the U.S. through three major ports of entry, one of which is New York City.

In light of the fact that New York has been designated a High-Intensity-Drug-Trafficking-Area (HIDTA), would you explain why the National Guard Bureau has decided to cut the New York National Guard's counterdrug budget for FY 2000 by roughly $400,000.00?

Answer: Current data provided by the National Guard Bureau Counterdrug Directorate shows that New York ranks seventh in the nation for National Guard assisted seizures of heroin. New York ranks fifth in the nation in funds distribution for FY00 for State Plans funding with a total FY00 target of $5,862,790.00 (ranking behind California, Texas, Florida, and Arizona). This target is approximately $200,000 higher than the FY99 funding level.

Hearing Date: May 4, 1999
Committee: GROC-Criminal Justice
Congressman Gilman
Witness: Ms. Salazar, DASD(DEP&S)
Question #2

Question: According to guidelines submitted by the Deputy Assistant Secretary of Defense for Drug Enforcement Policy and Support, priority funding would be designated to High-Intensity-Drug-Trafficking Areas (HIDTAs). "Specifically, priority funding will be to eight specific areas of the country." Maintain a minimum 35 to 45 percent of the total National Guard state plans funding (PC 7403) to support the following: four Southwest Border states (Arizona, California, NewMexico, Texas) and New York, Puerto Rico, and the Virgin Islands."

Since $149.6 million has been designated for Counterdrug funding in Fiscal Year 2000, a minimum of $52.36 million to $67.32 million should be specified for the eight states and territories if the above mentioned policy were implemented. If this funding were distributed evenly among these eight entities, New York should receive a minimum of $6.5 or $8.4 million.

Why is this not the case, and what other projects are deemed more important than providing the New York HIDTA with the resources it needs to combat the inflow of Colombian heroin?

Answer: New York, along with the Southwest Border, Florida, Puerto Rico, and the US Virgin Islands, will receive the congressionally mandated amount of funding, between 35% and 45% of total State Plans for FY00 funding.

The New York National Guard will receive $5.8 million in FY00, which matches the Governor's request. Also, Congress appropriated an additional $20 million for State Plans in FY00. Following a similar increase in FY99, the New York National Guard received additional funding.

Domestically, from a national perspective, the greatest influx of drugs into our country occurs across the Southwest border, where the preponderance of the HIDTA funding is expended. While the smuggling of Colombian heroin through New York is of concern, it is less than the trafficking threat in other HIDTA regions.

Hearing Date: May 4, 1999
Committee: GROC-Criminal Justice
Congressman Gilman
Witness: Ms. Salazar, DASD(DEP&S)
Question #3

DoD Forward Operating Locations for Counterdrug Operations

Question: The facilities at Manta, Ecuador in particular will require substantial upgrades. How much money is this going to cost and how does that compare to the cost of staying in Panama?

Answer: The total military construction costs for the forward operating location (FOL) in Manta, Ecuador will be approximately $62 million ($7 million greater than earlier estimates due to shifting the construction site to the opposite side and end of the runway). Combined operation and maintenance costs at all three current FOLs is estimated to be $16 million per year. The best estimate for the annual operating cost from Howard Air Force Base in Panama was reported by U.S. Southern Command to be in the vicinity of $70 million per year.

Mr. GILMAN. And just one more question, Mr. Chairman. General Serrano of the CNP said, when we leave Panama it's going to be more drugs north to the United States and more arms south into the region. Do you share any of those concerns?

Ms. SALAZAR. Sir, I had the benefit of knowing General Serrano when he was Colonel Serrano and had the opportunity to work with him when I was stationed in Colombia as judicial attache and we do have those concerns. The ability—our concerns as to the fall and the spillway that they've had in the different borders in the region has been a concern, not only that we've had now, but that we've had in prior years. So, some of the number of expressions that General Serrano has made lately about Panama, in many ways we do share.

Mr. GILMAN. Well, you know, with all of these cost considerations and with the need to do more, there's trafficking in that part of the world, it seems to me that the administration ought to take another crack at seeing if we can renegotiate this arrangement. We came that close to it once before, and it would seem that it'd be appropriate not to give up Howard and let it become jungle once again with all of these increased costs that you're going to have to embark upon to operate out of forward areas.

I'd welcome your comment about what the possibilities are of moving in that direction, Mr. Romero—Ambassador Romero.

Mr. ROMERO. Chairman Gilman, I'm not sure what the circuits would bear with the new Panamanian Government, but I will certainly take your sentiments back to the administration and we will discuss it.

Mr. GILMAN. We would welcome that, and Ms. Salazar.

Ms. SALAZAR. Absolutely, sir, and for us Panama, regardless of what happens with Howard from the Department of Defense perspective, we understand and we know the importance of having a close engagement with that country. It's important to the department and it's important for the general counterdrug strategy.

Mr. GILMAN. Thank you. Thank you, Mr. Chairman, for bearing with me.

Mr. MICA. I thank the gentleman from New York. I now recognize the gentleman of our full committee, Mr. Burton.

Mr. BURTON. Before you leave, Chairman Gilman, the costs that you just pointed out, the additional costs that are going to be involved, plus the locations that are going to not be as good as having something there at Howard, would certainly, I think, show that it's important to rethink that whole issue and try to renegotiate that. Money talks and baloney walks. It seems to me that we could make an offer to the Panamanians that would be fairly lucrative, helping their economy and keep that base there, and it would still be less costly than what these other locations would cost us.

So I will be happy to join you, and maybe Chairman Mica and some of the Members of the Democrat side in drafting a letter to the State Department and the White House to ask them to try to renegotiate that issue.

Mr. GILMAN. Thank you, Mr. Burton. I look forward to working with you on that issue.

Mr. BURTON. Let me just ask you, both of you, how would the Panamanians, during a time of war, assuming everything proceeds

on track, how would they be able to protect the neutrality of the canal?

Mr. ROMERO. Well, I'm not so sure what the war scenario would be. It's kind of hard to answer that question in the abstract.

Mr. BURTON. You have the Chinese shipping company that's going to have bases at both ends, and there's a lot of people that are concerned about the long range problems that might be faced with China. I see you smiling a little bit about that, but I don't think it's a very humorous matter because the Chinese have a very large army. They now have nuclear technology they did not have before because of Los Alamos and Livermore, and they have rattled their sabers in the South China Sea, and they have given missiles, missile technology, to some of the people that do pose a problem over in that area of the world. The North Koreans have fired a rocket across into the Japanese Sea.

And so, you don't know what might happen down the road, and so what I'm wondering is, the Panama canal has been under our military control since it was first constructed. Now, it's going to be under the Panamanian control. So I think it's a logical question to ask how would they be able to protect the canal and the neutrality of that canal so that shipping could go on from any source in the world if there was a conflict.

Mr. ROMERO. Mr. Chairman, it's a legitimate question. It's an honest question and I wasn't smiling about the question. I think it's a very serious one that needs to be taken in consideration.

What I was smiling about was the semantical difference similar to the one that we had on the word "negotiations." What the Chinese—what the Chinese company Hutchinson has is a contract to run a port. It is not a base. A base is something exceedingly different, and it is a commercial contract. We expressed our disdain for the process in which it was awarded, when it was awarded, and all I can tell you is that we hope, in terms of the neutrality of the canal, to work closely with the Panamanian Government to set up a mechanism for them to gather information on threats, subsequent threats perhaps to the canal, for us to share information with them and to stand up a security force that's worthy and up to the task.

Mr. BURTON. Well, I've been down to the Panama Canal a couple of times and I've seen the locks and I've seen how narrow it is and I've seen how they have to constantly dredge it to make sure it's open so that shipping can go through there. It would be a very simple thing for the Chinese, in one of their ships coming into one of those harbors, to be able to close that operation down in a heartbeat. I think that's something that ought to be of concern to the United States militarily, as well as our State Department. I don't think there is an answer because I don't believe right now there's been enough thought given to how we could protect the canal in the event there was a crisis. The Panamanians simply aren't going to be equipped to do that. There's just—there's just no way without outside help. I don't think there is an answer to that question, but I wanted to see if you did have some idea.

Now, let's get back to the matter of semantics. In January, we had a meeting here with Ambassador Leonard, whom I see out there in his nice yellow tie, looks very sharp today with his blue

shirt, and Phil Chicola, and during that meeting, alternative development aid, we asked them about that and they said it was discussed with the FARC guerillas.

Now, it surprises me that you say to your knowledge that wasn't discussed. Don't you talk to these folks?

Mr. ROMERO. Mr. Chairman, I didn't have the cable in front of me, and I couldn't verify it, and I don't like to talk about things where I don't have absolute recall in terms of what was discussed.

Mr. BURTON. Do you now have the cable in front of you?

Mr. ROMERO. No, I don't, because it was classified, and I took it away from the unclassified materials that we sent to you.

Mr. BURTON. I see. Well, in any event, according to your subordinates, your colleagues, that was discussed and when you start discussing alternative development aid with guerillas who have kidnapped and murdered American citizens and others, that is negotiation. Now, you can shake your head and say it isn't. It is. You're talking about something that they want in exchange for something that you want. So I think it's disingenuous for the State Department to come up here and tell us that there wasn't any negotiation, that it was just a meeting, because I think anybody that really is paying attention to what's going on knows that it was more than that.

Now, we have been talking about screening, some people would say, since 1993 for someone to do something about these three ministers, men, who are down there, and it's fallen again and again on deaf ears, and now the State Department has started using David Mankin, Rich Tennenof, and Mark Rich as an excuse to negotiate with the terrorists and it kind of bothers me. I just don't know why we didn't start looking into ways to get those guys out a heck of a lot sooner and to use them as a tool for sitting down with the FARC terrorists who are working and protecting the narcotics cartel down there, the drug cartel. It just really, really bothers me and I think it bothers a lot of my colleagues.

Now, it's my understanding that the Government of Colombia and the United States Department of Justice have four men in the pipeline to be extradited to the United States on, I believe, drug charges, and the only agency that's dragging its feet on these people being extradited, in my understanding, is the State Department. Is the reason that the State Department's dragging its feet on this issue is because the State does not want our neighbors to the south, Mexico, who refused to extradite anyone or work with us on any drug-related matters, to look bad by letting Colombia kind of beat them to the punch?

Mr. ROMERO. Mr. Chairman, I'm completely mystified by the State Department's standing in the way of a request from the Department of Justice for extradition. I have not known of a case where this has happened before as it relates to Colombia and I will look into it.

In terms of the record, Mr. Chairman, I would ask you, before you make a statement about us doing nothing on MTM missionaries until a meeting with the FARC, to come to the State Department and review the record. We have several years of trying to find out what happened to those missionaries and it's a matter of public record.

Mr. BURTON. Well, we'll have to review that public record. You know, Congressman Mica and myself and Congressman Gilman, we've all been trying to figure out a way to get those people out and to get an accounting for them and the cooperation from the State Department has been minimal at best, as far as I'm concerned, and you can ask my colleagues whether or not they concur.

Why did we certify Mexico as a fully cooperating partner in the war on drugs when our top drug enforcement officer, Tom Constantine of the DEA, testified in front of this committee that he did not think Mexico was being cooperative?

Mr. ROMERO. I think that it was the administration's concerted opinion with all of the agencies, to include the Department of Justice, that there had been significant progress in Mexico to warrant full certification, Mr. Chairman.

Mr. BURTON. So the administration disagrees with the head of DEA, Mr. Constantine?

Mr. ROMERO. I'm not—I don't have his language in front of me, but if he did say that he didn't agree with certifying Mexico, then the administration disagreed with him.

Mr. BURTON. Well, he said he didn't think Mexico was being cooperative. They're very careful when they work for the administration to take issue with the President, but he said Mexico was not being cooperative and yet we did go ahead and support a continued relationship with them.

Mr. Chairman, I think that concludes my questions. I would like to see, as I said before, the top secret confidential information that you said you had available for us.

Mr. BARR. OK. Thank you, Mr. Chairman. There are police reports and intelligence reports that have been declassified, a number of which have been reported in the press in Colombia, going back a few years, that FARC maintains a presence, including base camps, north of the Colombian-Panamanian border. Are those accurate reports?

Mr. ROMERO. I think they are, Congressman. You're talking about specifically the Darien area of southern Panama?

Mr. BARR. That would be.

What steps are we taking, if any, to monitor that situation and address it specifically?

Mr. ROMERO. Through our ICITAP programs and other programs, we have supported the police in Panama, continued to provide some equipment and training for them. They, of course, abolished their military several years ago and have approximately two companies of police who are continually being trained in jungle warfare and who are deployed to the Darien region.

Mr. BARR. From the standpoint, Ms. Salazar, of the Department of Defense, what is the Department of Defense doing with regard to the situation in the Darien region whereby, according to the reports, that apparently are accurate, the FARC is operating in Panama's territory?

Ms. SALAZAR. Yes. As I mentioned earlier, the Department of Defense is not only concerned with the spillover effect that we've seen from the FARC into Panama but the spillover effect that we've seen in other borders that Colombia has with other countries. I believe Colombia's neighbors have expressed concern about this, and

of course, from the Department of Defense perspective we're concerned.

We don't have—since Panama doesn't have a military per se that we can have a bilateral relationship with in the way we have, for example, with Colombia, we don't have any specific programs of training and technical assistance. However——

Mr. BARR. Have these been explored? Is there some legal prohibition on it?

Ms. SALAZAR. No, no, sir. The way that Department of Defense programs works is that we, with our capabilities, our assets, expertise, support law enforcement. I think the way we address some of the concerns you're expressing is the type of bilateral relationship that we've set up with the Colombian military. It's a recent—I would say it's a new, bilateral relationship in the sense that we've set up a specific working group where we sit with the Colombian military and we directly address with them a number of programs in training and support that we can provide as Department of Defense.

So, in so much the counterdrug program provides support to the Colombian military——

Mr. BARR. I'm very well aware of this, the support we provide the Colombian military. What I'm asking about is Panama.

Ms. SALAZAR. We don't have—I'm sorry, sir, we don't have at this moment any specific bilateral cooperation program from the Department of Defense with the Government of Panama.

Mr. BARR. OK. Is anything along those lines being explored with the Guardia Nacionale?

Ms. SALAZAR. No, but the way we could do it, if it was in the interest of the law enforcement—of United States law enforcement within Panama is that they would request from the Department of Defense some type of training and technical assistance for the Guardia Nacionale. It's possible, to answer your question.

Mr. ROMERO. Let me—let me just, if I might add, as I mentioned, the military was disbanded. It was called the Guardia. Now, they have a national police, and we are doing a baseline study through the intelligence community that should be ready in the next couple of weeks which will hopefully give us a good baseline idea of what we're dealing with in terms of the threats and what we're dealing with with respect to Panamanian capabilities. From that, what we hope to do is to make certain offers to the new Panamanian Government in terms of training and equipment, hopefully to bring in other allied countries, Japan. I have spoken to the Japanese about this, I have spoken to the British about it and other major users of the canal so that we can all contribute to the continued security of the canal.

Mr. BARR. OK. When will that be ready?

Mr. ROMERO. I think we're talking about June, the study.

Mr. BARR. OK. And we'd be transmitting a copy of that to the Hill so we can take—to this committee, subcommittee so we can——

Mr. ROMERO. I will mention that to the national intelligence officer who is guiding that process, yes, sir.

Mr. BARR. With regard to the facilities and the presence of China through Hutchinson-Wampoa on both sides of the Panama Canal,

both ports, is there anything about the arrangements between the Panamanian Government and Hutchinson-Wampoa or COSCO or the Chinese Government or the Chinese military that is of concern to our government?

Mr. ROMERO. I think what we see is a pretty straight commercial deal to run port facilities and that sort of thing. Certainly, these are pretty public in their nature, and we would, to the extent possible, insure that they would be run in an open and efficient way, but as far as we can tell, it's a straight commercial contract that is being operated on now by Hutchinson-Wampoa.

Mr. BARR. So the U.S. Government has no concerns about these? Do they believe that they are entirely in accord with the 1977 treaty?

Mr. ROMERO. Yes, sir.

Mr. BARR. Reports in the press regarding certain powers that Panama may have arrived at with China and Hutchinson-Wampoa notwithstanding to the contrary?

Mr. ROMERO. I think there's been a lot of press speculation about what this might mean, but in real—with respect to the facts on the ground, there's very little that would suggest that this is anything other than a commercial deal.

Mr. BARR. Well, we did have some concerns about the commercial aspect of it, at one time also, didn't we?

Mr. ROMERO. We did.

Mr. BARR. That there may have been some other payments made?

Mr. ROMERO. I don't know about other payments, but it seemed that rather than a normal orderly process of submitting sealed bids, et cetera, that bids and the information from those bids seemed to be at least given to some bidders, and to—I think with the intention on the part of Panamanians who are running this to drive the bids up, and it resembled, I'm told, more of an auction than a transparent, efficient and aboveboard bidding process.

Mr. BARR. Thank you. Ms. Salazar, does the Department of Defense have any concerns whatsoever with regard to the presence and the circumstances under which Hutchinson-Wampoa, and through them the Chinese, now maintain a presence on both ends of the Panama Canal? Does the Department of Defense have any concerns whatsoever about that?

Ms. SALAZAR. Sir, I'm not aware of any concerns, but what I can do is, upon return to my office, I can talk to them.

Mr. BARR. Would you not be aware of them if there were concerns?

Ms. SALAZAR. Probably.

Mr. BARR. Are there any concerns that the Department of Defense has with the relationship between Panama and the Chinese, specifically with regard to Chinese formal presence on both ends of the Panama Canal at this point?

Ms. SALAZAR. I think so. As Ambassador Romero mentioned, there's a lot of speculations as to what will be the implications for the canal to have Panama increase their closer bilateral relationship.

Mr. BARR. Certainly our policies are built on more than speculation. Is there—are there any concerns that the Department of Defense has?

Ms. SALAZAR. Sir, not that I'm aware of right now, but like I said, I can come back——

Mr. BARR. And if there were, you would be aware of them?

Ms. SALAZAR. Probably, except I can't tell you 100 percent. I would prefer to leave a window up for me to return to you if there is some concerns.

Mr. BARR. I mean, that's utterly unresponsive. On the one hand, you say you would be aware of them, and now you say you're not necessarily aware of them.

Ms. SALAZAR. The reason why——

Mr. BARR. I mean, there may be some national security concerns that the DOD has that may not be shared by the Department of State. I mean, are there any—do we have any military concerns about this?

Ms. SALAZAR. I guess the reason why I'm so hesitant is, you have to understand, as Deputy Assistant Secretary for Drug Enforcement, my concerns are specifically counterdrug-related. I would—what I will do is approach the DASD that has the responsibility of Panama Canal, I guess, and Panama as a country and ask some questions, and I will also talk to the DASD that has responsibility over China, but as counterdrug supervisor, I would not necessarily receive that type of information.

Mr. BARR. OK. Well, I understand that and if you would get back to me on that I would appreciate it.

Ms. SALAZAR. Absolutely.

[The information referred to follows:]

I have discussed this issue with senior Department officials. The Department has found no hard evidence to suggest that China, through Hutchinson-Wampoa or any other firm, has the capability, the desire, or the wherewithal to seek to control the Panama Canal after its transfer to Panama on 31 December 1999. In the judgment of our analysts Hutchinson-Wampoa's motivations are strictly commercial, and existing Panamanian Law and Treaties provide the United States ample recourse to ensure that the Canal remains open and secure for world commerce.

Mr. BARR. Just one final thing to followup on a question that I had previously with regard to the AIP upgrades for the P–3's. Are the P–3's we have in the region, including in the areas that you cited over here with the FOLs, are they upgraded sufficient to meet the needs, the drug threat and to monitor properly?

Ms. SALAZAR. When you're talking about the P–3's you're talking about—I guess I'm not——

Mr. BARR. I'm talking about the naval reserve and active duty P–3's.

Ms. SALAZAR. I believe we do have an upgrade program with them. I could provide you more details of it, but I do believe we're trying to upgrade them. They're not sufficient.

Mr. BARR. So they are not yet upgraded?

Ms. SALAZAR. No, I believe not all of them.

Mr. BARR. OK. Thank you. Mrs. Mink, did you have any final questions?

Mrs. MINK. No questions.

Mr. BARR. OK. We appreciate Mr. Romero and Ms. Salazar very much being with us today, sharing your thoughts and answering

questions, and we would appreciate the followup materials that you all will be—Mr. Chairman.

Mr. GILMAN. Just one thing if I might do, could either of the panelists—is Panama without a military head or sufficient professional police who can handle the FARC along the Colombian border?

Mr. ROMERO. Mr. Chairman, I'm not a counterinsurgency specialist, but the area is exceedingly remote. There are not a lot of transportation links to it. As you know, it's the area where the Panama or the Pan-American Highway is not complete. It's jungle, triple canopy, and while they operate there across the border and probably have some sites in Panama that they visit with great regularity, I haven't seen the intelligence community express alarm that somehow that could get translated into a threat that would move north or move toward the canal. It's been there for quite some time. We're working with the Panamanians to train them to better root it out, but I haven't seen any information analysis and what have you from the community that would suggest that it's growing or in the near to medium term could be constituted.

Mr. GILMAN. Ms. Salazar, do you want to comment?

Ms. SALAZAR. I would actually have nothing more to answer.

Mr. GILMAN. Thank you, Mr. Chairman.

Mr. BARR. Thank you, Mr. Chairman. We would also, without objection, leave the record open for 2 weeks for any additional questions that any member of the subcommittee might have to be submitted to you. Thank you very much, and we'd like to wish both of you well and look forward to seeing you again.

Ms. SALAZAR. Thank you.

Mr. BARR. Thank you. And as soon as Mr. Romero and Ms. Salazar leave, we'd like to invite our second panel forward, and while the transition is taking place, I would like to introduce Lieutenant General Gordon Sumner, retired. General Sumner served as chairman of the InterAmerican Defense force and also served as Ambassador at large for Latin American affairs. He's been studying, traveling in and writing about Latin America for over 30 years and is internationally renowned and recognized expert.

We're also pleased to have Dr. Mark Falcoff with us here today. Dr. Falcoff is a resident scholar at the American Enterprise Institute [AEI]. He has authored numerous books and articles about Latin America, including the volume "Panama's Canal: What Happens When the United States Gives a Small Country What it Wants."

We appreciate very much Dr. Falcoff and Lieutenant General Sumner being with us here today, and as both gentlemen are taking their seats, as the chairman indicated to the previous panel, this is an oversight hearing, and we, therefore, have all of our witnesses placed under oath. So, if you would, please, both Lieutenant General Sumner and Dr. Falcoff, raise your right hands—and Mr. Lyons, I didn't know you were going to be here.

Mr. Lyons recently retired as the Drug Enforcement Administration's [DEA's], country attache in Bogota, Colombia, and also will be able to answer questions today and provide meaningful insight into some of the problems that we've already been discussing.

[Witnesses sworn.]

Mr. BARR. Thank you. If you will, be seated, and if the record would reflect that all three witnesses answered that question in the affirmative.

If we could then, General Sumner, if you would like to make a brief oral statement and all the witnesses' remarks, if they do choose to submit written remarks, will be printed in their entirety in the record. General.

STATEMENTS OF LT. GENERAL GORDON SUMNER, U.S. ARMY (RET.); DR. MARK FALCOFF, RESIDENT SCHOLAR, AMERICAN ENTERPRISE INSTITUTE FOR PUBLIC POLICY RESEARCH; AND LARRY LYONS, FORMER DEA ATTACHE, BOGOTA, COLOMBIA

General SUMNER. Thank you very much, Mr. Chairman. I have a written statement which I would request be placed on the record.

Mr. BARR. So ordered.

General SUMNER. But you know, sitting here I'll be 75 years old in July, and I fought in World War II, Korea, Vietnam, and it's déjà vu. What we are seeing here is the disarming of America. America's been disarmed conventionally, disarmed from a nuclear standpoint as witness to what's going on up at Los Alamos, and our intelligence. They say we don't have any intelligence, we don't know what's going on. We're disarmed from an intelligence standpoint and, particularly, counterintelligence, and we have the moral disarmament which is—reflects directly on what we have here today, and the drug problem is part of this moral disarmament of the country.

I really felt badly about Ambassador Romero and Secretary Salazar. I have served with Peter Romero, and I—you know, it appalls me that he has to be subpoenaed to be brought in here. It's just incredible, and the American people don't know what's going on.

I surfed the Internet last night and I surfed the TV, and there's nothing about Panama. The American people should be worried about Panama, and I have a videotape to demonstrate that later on, but you know, we're sort of rolling over and playing dead here. The American people, if they want to see a catastrophe, economic catastrophe for this country, I'll show you what happens when we close the Panama Canal, and if I were a member of the FARC narcoterrorists, I would have that Panama Canal right in my sights, and Congressman Barr, you and I have been there. You know how fragile, you blow up the dam, it takes years to fill that, that dam with fresh water. The locks are very fragile.

This whole thing, there's an unreality about it. The American people, instead of worrying about Y2K or Kosovo, they should be worried about the Panama Canal. Yet, I look in the paper this morning, there's absolutely nothing about it, and we're—those whom the gods would destroy they first make mad. Some of this is just unreal.

I brought up the point about we're getting out, we can't reverse it. As a military person we can always reverse it. At 11:59 p.m., on December 31, 1999, if the military is ordered to stay there, by God they'll stay. They follow orders, and if they have to dig latrines

and live in tents, they'll stay there. This—you know, this is not irreversible.

And what we've seen here is the left wing, the extreme left wing of the Democratic party in this country and the extreme left wing of the PRD in Panama being able to get together and insuring that these negotiations failed. Now, I talked to John Negroponte when he was the negotiator and he was sent to the table with an empty bag. A week later he quit after I talked to him, and you go down and you talk—you see what the—what Peter Romero went through—Ambassador Romero went through a long litany of the obfuscation. No matter what was being done out front, behind the scenes, there were people insuring that these negotiations would fail.

My Panamanian friends, and as you know I spent a lot of time with Panamanians. Matter of fact I went down and supported Toro because Endara was such a big crook, the previous President, and he would be in jail if he didn't have a diplomatic immunity by being a member of the Central American Parliament. I thought we were going to get something better out of the President who's known as El Toro.

But the mantra in Panama is always, hey, let's make a deal. I think the Panamanians would be delighted to see this thing worked out. Seventy-five percent of the Panamanian people want to see us stay, the United States and United States military, and I think if you took a poll amongst the American people, you'd find that the majority of the American people want us to keep some sort of a presence in Panama, and I'll show that on the tape here because of the economic realities, to say nothing about the drug and the military realities.

We talked about cost-effectiveness. I went down, and I'm not Jessie Jackson, although when I heard this problem with getting the hostages out of Colombia, the State Department ought to be talking to Jessie Jackson, to send him down there, maybe he can get them out, but the strategy here has always been, look, we'll send drugs north and the guns will come south. Right now, we're seeing the Caribbean, and if you looked at that map over there that the Pentagon had up here, if I were a drug general I'd be delighted. I can run circles around that, and I can run through the seams. I mean, that's not going to do it.

And you know, when we talk about the money, the hundreds of millions of dollars—now, I was in Panama and I talked to the foreign minister whose name, to protect the innocent, will remain unnamed, and he told me for $20 million we can get a deal. Let's make a deal. I came back and I talked to my Senator, Pete Domenici. You may have heard of him. He's Mr. Moneyman over on the Senate side, and Pete said, at $20 million that doesn't pass the "so what" test.

So you know we, we're talking about this—we're talking about what we could have had for tens of millions of dollars. Now, we're talking about hundreds of millions of dollars to do something that won't do the job.

Now, let me—because I know my time is limited—if they'd play the video over here, can they do that? Or did everybody—all right.

[Video shown.]

Mr. BARR. General, if you're going to speak, you'll have to do it from the microphone I'm afraid.

General SUMNER. OK. I can do that.

Mr. BARR. So the court reporter can pick it up.

General SUMNER. All right. The first part of this is narrated. This comes from Los Alamos National Laboratory. We put—the Department of Transportation put $800 million into putting up a national simulation of our transportation system, and the idea here—and I have a letter for Congressman Gilman and, I hope, Senator Helms to send to Secretary Cohen to feed the information from the canal into this national transportation system, and this shows our transportation system.

It's only going to take a couple of minutes, but we cannot only show in macro terms but we can show it in very discrete terms, and you'll see in just a moment where we can take an individual truck and individual rail car and individual cargo and move it across the country, and you see going from Los Angeles to Alabama here, you see where we can take an individual cargo, move it across the country, keep track of it, and this is the dry canal. Now, here you see the cargo being moved and going across the country here, through Dallas, and you'll see that we can actually, with the pointer you'll see here in just a moment we can, we can track the individual cargo, and this is an $800,000 simulation, which if we feed the Panama canal information into it, will show, and here we have a pointer that's following the individual cargo across the country, that the—it's an amazing piece of work.

I think the State Department has been and others have been saying, well, look, if the canal is closed, we have the dry canal. Well, the dry canal is full and there's no way when you take—40 percent of all the grain in this country goes through the canal, we're talking about hundreds of millions of tons. There's no way that this system can handle it, and it would be—if the canal were closed for 7 days, 15 days, 30 days, 60 days or longer, it would be an absolute economic disaster for this country, and I don't think the American people understand that at all.

And if I were the narcoterrorists, and here's the chart that shows the delays that we have built in here now, there's just no way that the country can deal with this, and the dry canal is an absolute phony argument in my estimation. That's the end, that's the end of the thing.

I just wanted to bring that up. I think it's important for Congressman Gilman and Senator Helms to ask Secretary Cohen to do this. It costs about $500,000 to go ahead and take that information and feed it into it, into the national simulation here.

I'd like to come back to Congresswoman Mink's point, you know, what we have been doing. This has been a wreck, a train wreck that we've seen for years, yet nothing has happened. Why? Because there is a—I think—you know, one thing that really amazes. We talk about defense and we talk about the State Department, where's the NSC in this? You know, and in my statement, you know, Sandy Berger, Secretary Albright, Secretary Cohen, these people are just not, they're not focused on anything in this hemisphere.

And I call it Kosovo—Kosovo is the correct pronunciation—Kosovo West. As we speak, the FARC is going in, killing the young men, recruiting the children, et cetera, and we have it right here on our doorstep, yet we're doing nothing about it, and you know, I think now is the time. With the new President down there, something should be done, and I think—I say it's never too late, and I think for the good of this country we've created a vacuum down there, and we'd better do something about it.

And I see the red light is on, which means I've gone over my time, but I appreciate the opportunity to appear before the subcommittee, and incidentally, Bill Richardson sent me over to see Joe Ritter. They wanted me to go down and be the negotiator, and I volunteered to do it then, and I volunteer to do it now. Thank you very much.

[The prepared statement of General Sumner follows:]

Testimony of Lieutenant General Gordon Sumner Jr., US Army (ret) before the Government Reform and Oversight Committee's Subcommittee on Criminal Justice, Drug Policy and Human Resources

9:30 a.m. Tuesday, May 4,1999
Room 2154 Rayburn House Office Building

Mr. Chairman, members of the Subcommittee, I consider it a distinct honor to be asked to testify before this Subcommittee on a subject of such vital/critical importance to the national security of the United States. The two subjects, losing Panama and our "Drug War" have been historically interrelated/intertwined, to the point that both the US Government and the Government of Panama have grappled with this difficult situation for a number of decades. Unfortunately, the looming turnover of the Panama Canal on 31 December 1999, and the ongoing failure of the Clinton Administration to cope with the "drug war" brings the United States to confront, with Panama, a crisis of monumental proportions. Due to the limitations of time and space, I will attempt to outline briefly, the major issues and suggest some solutions. I must advise the Members that many of my remarks will go against the conventional wisdom and be "politically incorrect".

I realize that the Members have my Curriculum Vitae, but I would like to highlight some of my relevant experience that bears on the problem today. First of all, I have participated in three wars, WWII, Korea and Vietnam. In addition, I have been involved in a number of wars in which the United States was not a combatant. As a Brigadier General, I was Chief of Western Hemisphere for the Joint Chiefs of Staff and worked directly on the Canal Treaties for a number of years. Later, as a three star, I was Chairman of the InterAmerican Defense Board, the military arm of the Rio Treaty. After retirement, at my request, because I could not support the Carter-Torrijos Treaties, I testified against the treaties while still on active duty. These were bad contracts with bad people. I believe these treaties led directly to "Just Cause" and the loss of American lives as well as the lives of hundreds if not thousands of Panamanians, many who were innocent civilians. In 1981, I was appointed by President Reagan to be Ambassador at Large for Latin America and Special Assistant to the Secretary and Assistant Secretary of State for American Regional Affairs (ARA). I also served as one of the National Security Advisors on the Presidential Commission on Central America (Kissinger Commission). I continue making day-to-day contacts in the region and have been involved in Latin American activities for some thirty years.

The first major issue to be addressed concerns where this "problem" should be seen in our global strategic overview. The Clinton Administration has failed utterly to understand the strategic importance of this Hemisphere in general, and the Panama Canal and the "Drug War" in particular. They have also lost sight of the strategic importance of a forward strategy, which this Country has followed since the day of President "Teddy" Roosevelt. Briefly stated this concept means that the United States will confront the "enemy" as far from our shores as possible, and attrit his capability, not waiting to meet the problem on our borders. This has been the rationale for our forward basing in Europe, Asia and Panama. Now in the midst of a critical "war", we are withdrawing from our forward base in this Hemisphere, thereby conceding to the *narcotraficantes* the air and sea routes into our society. This despite the fact that the Panamanian people want us to remain until they can develop a capability to protect themselves. I have labeled this a severe case of strategic myopia (see article published in the Albuquerque Journal, attached). Panama is one more step in a tragic retreat.

The second major issue is closely related to the first. We have a major war going on in Colombia, which unfortunately has been basically lost in the furor over Kosovo. Our Secretary of State, Madeline Albright, Deputy Secretary Strobe Talbot and Sandy Berger all have a total fascination with our East/West problems in general and Russia and the Balkans in particular. This has resulted in benign neglect for the problems of this hemisphere. The belated U.S. efforts to assist in ameliorating the tragic results of Hurricane Mitch is typical of this Administration's approach to "Latin America". Our traditional approach to problems in this Hemisphere has been intervention or neglect. President Reagan and Secretary Kissinger reversed this policy, but the Clinton Administration has been able to undo almost all of the good work and accomplishments of the Reagan-Bush period. On a strategic scale of 1 to 10 (10 being the most important), I would call the situation in Colombia an eight and the situation in Kosovo a four. If one reads the classified as well as the unclassified reporting on what the FARC is perpetrating in Colombia, Colombia appears to be "Kosovo West". The problem for the United States is that Kosovo is on the other side of the globe and Colombia is one of our close neighbors and historically a good friend of the United States. Having fought and been captured by our Chinese "friends" in Korea, I have warm memories of the Colombian Battalion fighting along side of us.

The third issue relates to the "Drug War". Here we find ourselves trapped by the semantics. Let us examine the term "Drug Czar". When I first examined the enabling legislation for this position, I advised General "Max" Thurman, who had been offered the job, to turn it down as he was to be nothing but a coordinator between a host of squabbling federal agencies. From observing at close range the drug interdiction efforts on our Southwestern Borders, it would seem that nothing has changed. I see General McCaffrey as waging a rather hopeless fight against an enemy that has all the advantages and now is being handed another advantage, the loss of our regional forward base. This is not to denigrate our efforts on the demand side of this conflict. If there is indeed a real "War" and I for one believe that we are engaged in a war for the heart and soul of our culture, we need not obfuscate this reality in sophistry and semantics. Make no mistake...we are losing this war.

The fourth issue relates to our overall strategy regarding China. The PRC/Chicoms, for all intents and purposes, now control both entrances to the Panama Canal, if and when they desire to do so. No amount of rationalization can sweep this brutal fact under the rug. The Clinton Administration seems "hell bent" on giving all of our technology, to include our nuclear technology, to the People's Republic of China. Whether this is a conscious effort or is the result of incompetence, lack of vision, or simple venality is a matter of judgement. The results are not. I contend that there is an unholy alliance between Fidel Castro, the PRC and the narcotraficantes. The obvious point of confluence is the Panama Canal. It is the crossroads of the world, and is viewed by many as the "double crossroads of the world." This is a view shared by many Panamanians, who understand that their tiny Country could become a battleground in the next millenium. It is interesting that Russian "entrepreneurs" are now in the Gulf of Urubá, providing guns and support to the FARC in exchange for drugs. This information is obtained from the open literature and people on the ground, but I am certain that the Committee can find more details from our intelligence people. The FARC is making constant raids across the Panamanian Border to rape and pillage. The Government of Panama is helpless to protect the border and only the presence of US military forces prevent attacks deeper into Panama. What will happen when the US deterrent is no longer in place? What will happen and what is happening to the children of Colombia and Panama? Colombian press reports tell of thirteen year old girls and boys being taken from their families to be conscripted in the FARC.

The fifth issue is perhaps broader in scope than the subject of this hearing, but it is certainly part and parcel of the strategic problem. Simply stated, "What would be the impact on the economy of the United States, indeed the global economy, if the Panama Canal were to be closed for fifteen, thirty, sixty ,or ninety days, not to say even months or years. The Canal, as I am certain you are aware, is a very fragile and complicated piece of engineering, very difficult to protect. A number of years ago, the planning was for a US Infantry Division to protect the Canal if it was threatened. This Division was to consist of the 193d Brigade stationed in Panama to be reinforced by two National Guard Brigades, one from Florida and one from Puerto Rico. With combat support and support elements, we are talking about a force of some twenty-five thousand well-armed and well-trained troops. Frankly, many of the senior officers, to include General Thurman, were not convinced that this force was adequate...even when reinforced by the then Panamanian Defense Force. After 31 December 1999, there will not be a military force of any capability to perform this vital mission. Are we then to contemplate another "Just Cause"?

I have a short video that shows what is known as the "dry canal", the transportation system of the United States. This was produced by Los Alamos National Laboratory recently for the Department of Transportation. As you can see, this system, already operating at capacity, would be required to assume the role of "dry canal", should the Panama Canal be--for whatever reason--closed to US traffic, or for that matter to all maritime traffic. One data point: Approximately 40% of all US grain, wheat, corn, soy, etc., now moves through the Panama Canal. Imagine the economic catastrophe if this "dry canal" were called upon to perform this mission...and grain is just one of the many products that depend on this vital choke point.

Solution: The American people and the Congress must understand what is at stake. Our national security, our economic security and our cultural integrity are all at risk in the Panama Canal. They must demand that the Clinton administration comply with the mandated negotiations for a continued US military presence after the year 2000, until the Panamanian Government is capable of providing Canal protection. If President Clinton is looking for a way of improving his tarnished legacy, I can't think of a better way to accomplish that. In my opinion, the issues are quite clear. The time is short. History will judge this country harshly if this opportunity is allowed to slip away, either through incompetence, ignorance or neglect.

Narration Notes for a 3+ Minute Video of a Los Alamos Simulation of the US National Transportation System

A Prototype of the "National Transportation Network Analysis Capability" (NTNAC) Built for DOT and DoD

duration	narration notes
	**** The first 85 seconds of the video are narrated. You can begin your narration during the 3rd segment below. ****
50 sec	The first segment is already narrated. Actual cars, trucks, trains, and ships are shown. The narrator provides facts about the size and use of the US transportation system.
35 sec	The second segment is also narrated. An outline of the US is shown overlaid with the US highway system, by functional class, and the US rail system, by class.
10 sec	A view of the US showing a single freight shipment from Los Angeles, CA to Birmingham, AL. • **Key Point: The national simulation moves freight at the individual carrier level – millions of trucks, ships, trains, and planes.** • We show an example of one shipment originating at the Port of Los Angeles and moving to Birmingham on multiple carriers.
15 sec	A view of trucks queued at a notional ("notional," not national) port or warehouse in LA County. • The example freight shipment, outlined in a blue box, is picked up at the port warehouse by a local truck. • The local truck delivers the load to a distribution center in LA County. • A long haul tractor-trailer then picks it up and heads east towards Texas.
50 sec	A series of views of the long haul truck traveling to Texas on Interstates 10 and 20, into and through Dallas, and then on to Birmingham. • The movement of the long haul truck is simulated by the national level model as it travels along I10 and I20 into Texas and Dallas.

- [Dallas comes into view with a high resolution network] The national level simulation "hands-off" the truck to a more detailed urban network and simulation (TRANSIMS). A pointer follows the truck as it moves through congested Dallas traffic.
- The truck then leaves Dallas and is "handed back" to the national simulation. It arrives at a local Birmingham distribution center and drops off the load. A local truck then picks it up and delivers it to its final destination.

10 sec — A dynamic view of multiple modes moving across the country (the view is looking from east-to-west with traffic emanating from Los Angeles).

- **Key Point: The national simulation is more than just a model of truck movements. It is a multimodal simulation that includes rail, air, and coastal and inner waterway freight movement.**
- Note: The various colored paths are labeled (short haul truck, long haul truck, rail, and air are all shown and labeled – no ship paths are shown because we did not use actual waterway networks in the prototype; thi can, and must, be done for a Panama Canal study).

20 sec — A series of views of Texas highways between Fort Hood, Houston and the Port of Beaumont. This part of the demo was done for DoD's Military Traffic Management Command.

- This is a demo of a DoD study involving convoy movement from Ft Hood, through Houston, to the Port of Beaumont.
- Civilian truck traffic is highlighted, by hour, using various link colors and thicknesses. This will help military planners decide when and where to move convoys in order to minimize the impact on civilian traffic.

20 sec — A view of a bar chart showing one DOT national transportation system performance measure: Freight Dwell Time in ton-hours. ** Note: this indicates how long shipments *remain idle* (i.e., "dwell") while awaiting pickup by a carrier.

- This is aggregated freight "dwell time" data from a 2 week simulation of national freight flows. This is the total time spent by millions of freight shipments dwelling at seaports, railheads, airports, etc. awaiting carrier pickup. ****This is an important metric that would be used to measure the impact of shipments diverted from a closed Panama Canal to, and through, the continental US.****

End of Video

Mr. BARR. Thank you very much, General. Dr. Falcoff, if you have a brief statement.

Mr. FALCOFF. Yes, a very brief statement. Mr. Chairman and Congressman Gilman, it's a privilege to share the table here with a distinguished soldier and patriot, General Sumner.

I want to talk a little bit about Panamanian politics because that's the thing that seems to have been missing from this hearing this morning. Criticisms have been launched against the administration. I don't happen to belong to the same political party as the administration, and maybe those criticisms are accurate ones insofar as its management of negotiations are concerned. I don't know. I'm a private citizen and an individual scholar, but I do know something about Panamanian politics, and I think it needs to be brought to the table here.

I believe the basic reason why we have not been able to reach agreement is that as chief representative of the party of General Torrijos, President Perez Balladares could not be seen as betraying the latter's nationalist legacy by overturning key provisions of the treaty, namely, the ultra sensitive subject of U.S. troops. Perez Balladares tried to come up with a better mousetrap to circumvent this problem with the creation of the multilateral antinarcotics center.

Throughout the period when we were negotiating or discussing this, I don't know how many hundreds of times President Perez Balladares told his people it wouldn't be a U.S. base, it wouldn't even be a military installation. Ninety percent of the people would be United States people, most of them would be uniformed, but they wouldn't be able to fly under the United States flag, they wouldn't be able to fly under the Panamanian flag. There'd be some kind of fictitious international personality that would govern this center.

Even this didn't satisfy President Perez Balladares' critics, particularly the Arnulfistas and that's the party that's soon to govern Panama. It's the second largest in Panama. It repeatedly accused President Balladares of conniving to overturn the treaties and impose a new era of U.S. military hegemony. This view, by the way, was shared largely by other opposition parties, that is to say, Papa Egoro and all the others.

Now, even if—the point I'm trying to make, members of the committee, is this—even if the United States and Panama had been able to reach final agreement, it is more than probable that it would have failed to win approval in a plebiscite. Why? Not because most Panamanians wouldn't enjoy having the United States stay. General Sumner is right. In my book—I don't know how many of you have looked at my book. I reproduced any number of public opinion surveys that show overwhelming percentages, but when you translate that into active political participation in a plebiscite, what happens? What happens is the government that convokes the plebiscite loses it. Why does it lose it? Because Panama is a deeply divided society. There's no such thing as a majority party. Right now we have three groups that represent like 15 parties.

I remind you, for example, that when President Endara called a plebiscite to make some minor changes to the Constitution, it

failed. It failed only because all of the opposition parties gained up against the ruling party. Why did the plebiscite fail to change the Constitution to allow President Balladares to run for a second term? Answer: He represents only 30 percent, 33 percent of the vote. The other parties lined up against him.

I can assure you that on an issue as sensitive as a United States military presence in Panama, everybody's going to be waving the Panama flag, yelling "more Panamanian than thou," and I should add one last comment, and that is, that the President-elect represents the party that has been most consistently anti-United States or at least opposed to a residual United States military presence. They're people of principle. I happen to think they're wrong, but they're principled.

The PRD is beyond good and evil, and indeed, General Sumner was quite right to expect the "Toro"—President Balladares—might indeed have done just what you thought because, indeed, what—he was looking for a gimmick to allow him to say, "I'm allowing the military to stay but it isn't the U.S. military, it's some multi-national military."

So, I think we need to be very sensitive to Panamanian politics. We have 7 months now in which—well, you say a couple minutes, I say 7 months—we have to conclude an agreement, it has to be passed by the Panamanian National Assembly, and then it has to be put to a plebiscite. Those are very high hurdles in Panamanian politics.

You might say, well, how can that be if 70 percent of the population of Panama or 77 percent in some polls favor this. These are the histories of Panamanian politics. I invite you to read my book, members of the committee, and you will learn a good deal more about it.

Thank you for your time and attention.

[The prepared statement of Mr. Falcoff follows:]

Prepared Statement of
Dr. Mark Falcoff
Before
The Subcommittee on Criminal Justice, Drug Policy and Human Resources
Of the
Committee on Government Reform
U.S. House of Representatives
Washington, D. C.
May 4, 1999

Mr. Chairman and distinguished members:

It is a privilege to be invited to testify today on the general topic of Panama and the impact of the U.S. departure from that country insofar as it affects our regional anti-drug capabilities.

As you must already know, under the Carter-Torrijos treaties, ratified by the United States Senate in 1978, no country other than Panama may maintain military forces in that country after December 31, 1999. That date is very nearly upon us. Today the process of turning over our bases to the Republic of Panama is well advanced. All of our military people will be out of that country by the end of the year.

The transition process from the treaties to the actual turnover of the Canal and its adjacent facilities has been stretched out over a 22-year period. During that time many people in both Panama and the United States have had second thoughts about whether a complete drawdown of our presence there ultimately served the interests of both countries. The emergence of a serious problem of drug trafficking in the circum-Caribbean—an issue which was far less salient two decades ago when the treaties were drafted—has obviously been one motivation for revisionism.

Indeed, the Clinton and Perez Balladares administrations have looked into the possibility of some sort of residual U.S. military presence for the precise purpose of drug interdiction. However, in practice it proved impossible to bring the two sides close enough together to reach an agreement.

The basic problem was that, as chief representative of the party of General Torrijos, President Perez Balladares could not be seen as betraying the latter's nationalist legacy by overturning key provisions of the treaty—one that dealt with the ultrasensitive subject of U.S. troops. Hence, the Panamanian government confected the idea of a "multilateral" anti-narcotics center which—it repeatedly explained—would *neither* be a U.S. base nor even a *military* installation. Though it was understood that ninety percent of the personnel would be from the U.S., and the overwhelming majority of those would be uniformed officers and enlisted personnel, they would have take shelter under a kind of fictitious juridical international persona.

Even this did not satisfy President Perez Balladares' critics, particularly the Arnulfistas, the second largest party in Panama, which repeatedly accused him of conniving to overturn the treaties and impose a new era of U.S. military hegemony in Panama. This view was largely shared by the other opposition parties.

Thus even if the U.S. and Panama had been able to reach final agreement, it is more than probable that it would have failed to win approval in a plebiscite.

To say that the drug center idea is dead amounts to saying that the only device by which the U.S. could credibly remain a military presence in Panama is dead also. Although there are many people in both countries who still hope against hope that some deal can be struck at the eleventh hour, the divided nature of the Panamanian political community, the fact that all Panama's presidents are minority presidents, the short seven months that remain to draft an agreement and convoke a plebiscite—all of these things suggest that we should pack our bags and look elsewhere for the tasks of drug interdiction, if that in fact is what we want our military to do.

I for one do not think that this is necessarily a bad thing.

First of all, our departure will allow Panama to become—for the first time in its independent history—a "normal" country, with all the problems and possibilities that such a category entails. Many Panamanians argue that they can replace (or even exceed) the resources formerly obtained from the resources spent locally by the U.S. military by converting the U.S. military bases into more productive facilities—for tourism, manufacturing, ship repairing, etc. If this is so, more power to them. If not, that is something they should have thought of before they decided to ask us to leave.

Second, it frees the United States from the responsibility to assure Panama's political stability and economic welfare. The massive U.S. presence in that country over nearly a century imposed a certain minimal obligation to assure a safe and secure environment there. It also inevitably led many Panamanians, and particularly Panamanian politicians, to view the United States as ultimately responsible for all of their problems, difficulties, and deficiencies. It is true that in the past we could not afford to allow anything too strange to occur there, because we had so many military people and dependents vulnerable to the mercies of the urban mob. In the future, however, only Panamanians will suffer from any disruption of the civic peace, and Panamanian politicians—not American military officers, or Canal Zone officials, or the U.S. Congress—will have to answer for the deficiencies of Panamanian society.

Third, the example of Panama scrambling to replace resources which formerly fell its way automatically—thanks to the $250 million which U.S. personnel spent there every year, not to mention the invisible insurance benefit for international investors which derived from the presence of American troops—may prove instructive to those countries where we propose to relocate our anti-drug operations. In effect, Panama may well demonstrate that exaggerated "anti-imperialism" in the post-Cold War era is a luxury which small countries in the circum-Caribbean cannot really afford. There are many Panamanians, including some responsible politicians and publicists, who are already saying this in one way or another. Many more may be saying it in the future. Their comments will not go unnoticed elsewhere in the region.

The end of the military presence in Panama is therefore in my opinion a net gain for the United States. I would go even further and suggest that we are better off that the agreement over a "multilateral" drug center failed. The dispersion of our anti-drug efforts in the area among a number of countries is bound to render our position less vulnerable vis-à-vis any individual partner, since it will allow us to balance out the pressures and obligations of a presence, no matter how small, among a number of interlocutors.

I look forward to responding to your questions.

CURRICULUM VITAE

MARK FALCOFF

Personal data

Born, St. Louis, Missouri, September 14, 1941
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Present employment

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Previous positions

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[director, study group on Chile]

Professional Staff Member [with responsibility for Latin America], 1986-1987
Committee on Foreign Relations
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Resident Fellow, American Enterprise Institute
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Faculty member, Universities of Illinois, Oregon and California (Los Angeles), 1969-81; U. S. Foreign Service Institute, 1983 and 1984.

National Fellow, Hoover Institution on War, Revolution and Peace, Stanford University, 1979-80

Academic background

B. A. (Honors), University of Missouri, 1963
M. A., Princeton University, 1967
Ph.D., Princeton University, 1970

Intellectual interests

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U. S. foreign policy and strategic issues

Third World regional and development issues

Publications

BOOKS (authored, co-authored, or edited)

Prologue to Perón: Argentina in Depression and War, 1930-1943 (Berkeley, CA: University of California Press, 1975)

The Spanish Civil War, 1936-39: American Hemispheric Perspectives (co-edited with Fredrick B. Pike) (Lincoln, Nebraska: University of Nebraska Press, 1982)

Crisis and Opportunity: U. S. Policy in the Caribbean and Central America (co-edited with Robert Royal) (Washington, D. C.: Ethics and Public Policy Center, 1974)

Small Countries, Large Issues: Studies in U. S.-Latin American Asymmetries (Washington, D. C.: American Enterprise Institute, 1984)

The Continuing Crisis: U. S. Policy in the Caribbean and Central America (co-edited with Robert Royal) (Washington, D. C.: Ethics and Public Policy Center, 1986)

Chile: Prospects for Democracy (with Arturo Valenzuela and Susan Kaufmann Purcell) (New York: Council on Foreign Relations, 1988)

Modern Chile: A Critical History (New Brunswick, N. J.: Transaction, 1989)

A Tale of Two Policies: U. S. Relations with the Argentine Junta, 1976-83 (Philadelphia: Foreign Policy Research Institute, 1989)

Searching for Panama: The U. S. Relationship and the Challenge of Democratization (with Richard L. Millett) (Washington, D. C.: Center for Strategic & International Studies,1993)

Cuba and the United States: Thinking About the Future (Carlisle Barracks, Pa.: Strategic Studies Institute, U.S. Army War College, 1993)

Panama's Canal: What Happens When the U.S. Gives a Small Country What It Wants (Washington: American Enterprise Institute, forthcoming 1998)

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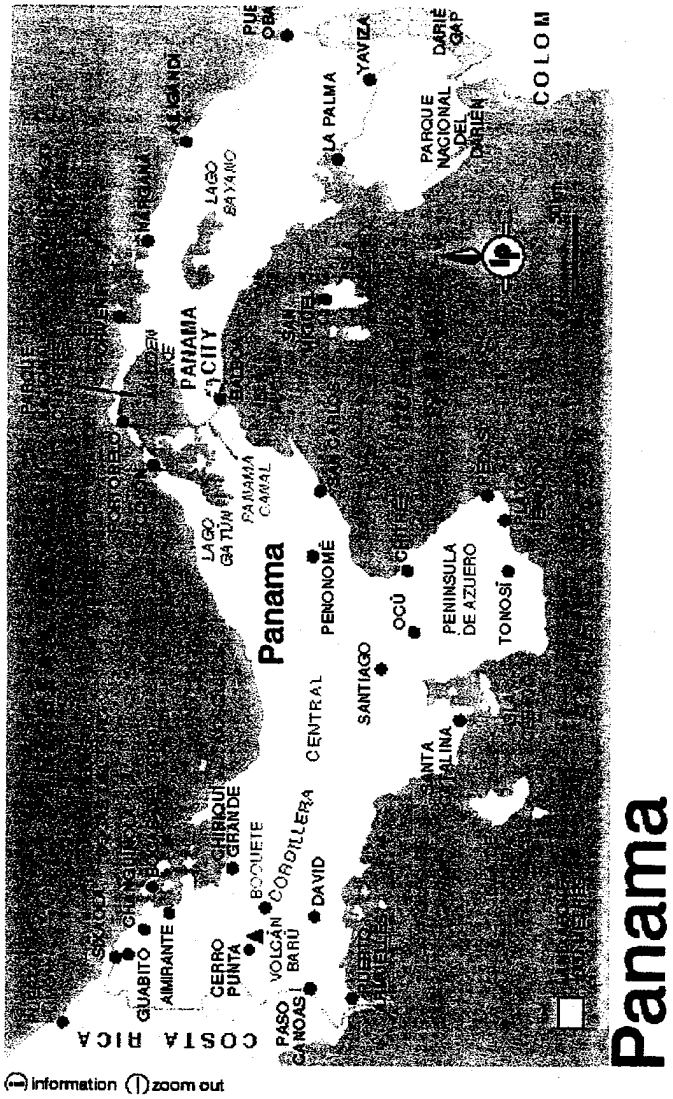
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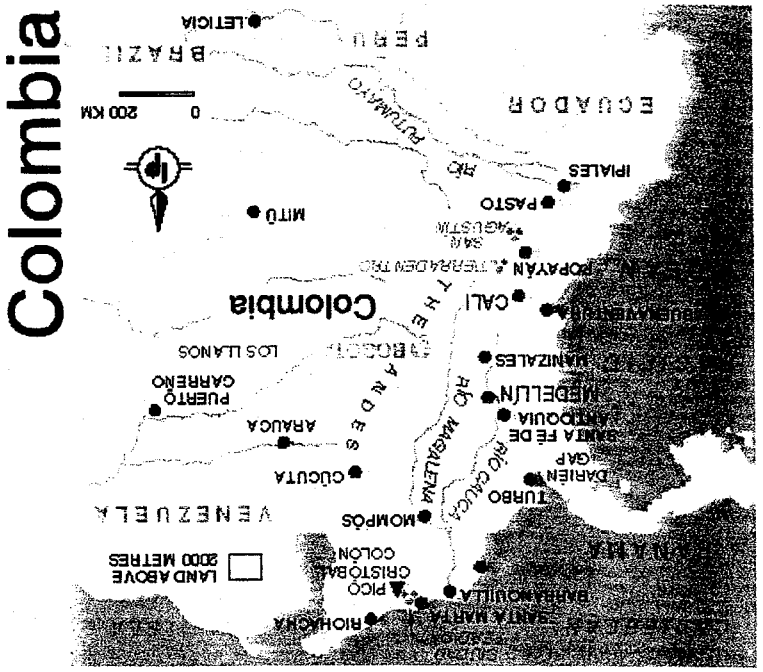
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SANTA FE DE ANTIOQUIA
DARIEN GAP
RIO MAGDALENA
RIO CAUCA
MOMPÓS
VENEZUELA
LAND ABOVE 2000 METRES
COLÓN
PICO CRISTOBAL
BARRANQUILLA
RIOHACHA

Mr. BARR. The mystery is not unknown to us here in this country, about U.S. politics as well.

Mr. FALCOFF. Well, sir, as I say, I am not an expert on what went on in the State Department, but I have been following Panama for a very long time.

Mr. BARR. Well, we see the same things here. There constantly seems to be a disconnect between polls and what people actually care about when you talk to them.

Mr. Lyons.

Mr. LYONS. Mr. Chairman, Chairman Gilman, it's a pleasure to be here. I did not prepare a written text, believing that I would be most valuable in answering some of your questions, but let me offer to you that whatever the situation is, I believe my value to you as a committee and to the government is the ability to look at the future and see what we need to do to fix and improve the things that we are already doing to compensate for history, if you will.

I'm sure there'll be continued efforts related to Panama in trying to maintain that base, and in lieu of not having a base there, having other options. I firmly believe, and as I presented to both of you gentlemen, having been to Colombia and seen the presentations, that if we are going to be successful at stopping drug trafficking out of Colombia and Central and South America, the two drugs have two different solutions.

First of all, on the issue of heroin, which was mentioned this morning, the eradication of the opium poppies is the only viable solution. I have stated that many times, and quite frankly, I believe as a result of visits by yourself when you were down there with now Speaker Hastert, the issue of how to do that then led to the evolving decisions to go for the Blackhawk helicopters, and I commend you for that and the progress there, albeit slow.

The other issue is cocaine. If cocaine does not get over the Andes Mountains, in Colombia and/or in Peru it doesn't get into the transit zone. I have said for many years, one—I believe one of our biggest problems in the United States in the way we do business in the government, it's that we have, and using a military term, divide and conquer. We have divided our efforts, and therefore, conquered ourselves. We have yet to fully implement the strategies in place which focus on the source zone. If we keep cocaine from crossing the mountains, it never gets into containers, it never gets into the high seas, it doesn't get onto the ports, it cannot hide under the economy and the population of everything north of the Andes Mountains, and until we successfully focus on the source zone and implement those things necessary, then we are in a state of continuing the efforts that we're at now, with some degrees of success, but not the success that we all hope to reach.

One of the things, now that I'm out of government, and retired and out working in the private sector, if there was anything that I think you could do to help expedite a lot of the things that had been put on the table, part of the solutions, would be some type of mechanism that would enable the U.S. bureaucratic government contracting process to be expedited. I hear the term "fast track" used in terms of expediting trade negotiations. If there was a way to be able to write appropriate legislation to create fast track contracting capabilities for those things that are earmarked and de-

signed for drug support to counter drug operations, we could save an immense amount of time and be able to implement many of the things that will make a difference across the board.

With that, I will end my remarks, and I appreciate the opportunity to be here.

Mr. BARR. Thank you, Mr. Lyons, and I'd like to thank all of the witnesses for their remarks, and at this time I turn the microphone over for questions to the distinguished chairman from New York, Mr. Gilman.

Mr. GILMAN. Thank you very much, Mr. Chairman, and I want to commend our panelists for being here today. I regret that I have to run on to another meeting, but I think you've all underscored the necessity of what we should be doing, and I particularly welcome General Sumner's proposal. I have your letter here that we'll try to pass on to the Secretary of Defense, Mr. Cohen, with regard to getting an analysis of the dry canal and how it impacts upon the Panama situation.

And our good DEA representative has underscored the problems we're facing with trying to conduct an effective war against drugs.

And Mr. Falcoff, Dr. Falcoff, we appreciate your analysis.

We can't underscore enough the necessity for the administration to take another crack at trying to renegotiate the Howard base proposal and the multilateral center that could be properly administered in Panama. The cost savings alone are enough to make an appropriate review, in addition to the effectiveness of having a multilateral base right there in the middle of Central America where we can reach out to all areas.

So, again, I want to thank our panelists, and Mr. Chairman, please excuse me. I have to attend another meeting, but I think this—both of these panels have been extremely helpful to us as we address what has to be done to make our drug war even more effective.

Thank you, Mr. Chairman.

Mr. BARR. Thank you, Mr. Chairman, and we're certainly honored to have you here.

General Sumner, could you just describe very, very briefly the ease with which a terrorist or a group of terrorists could disable the canal?

General SUMNER. Yes, I can, I can do that. I don't think I'm telling the narcoterrorists anything that they don't already know, and it's not just the Colombians. If I were a Middle Eastern terrorist, if I were a Serb terrorist, this is the Achilles heel—someone said, why, why take terrorism to the United States where the lion is, when you can go down to Panama and get Bambi.

The canal is a very fragile engineering project. It depends upon millions of gallons of fresh water to move a ship through the canal. So the big enchilada here is Gatun Lake. If you blow that dam, it will take years to fill it up, and the canal would be out of operation for years. If you want to do it temporarily you can, as has been suggested, sink a ship in the canal or you can get that ship out in maybe 30, 60 days. If you blow one of the locks, and these are 70 ton locks about the size of that wall up there, you've seen them and they—the United States no longer has the capability to fabricate that sort of a lock gate, if you will. There are all sorts of things

that can be done, and all of them are, one, easy, cheap and extremely difficult to defend against.

In my prepared statement, you know, I have in there that we had plans to have a division of about 25,000 in there to try to protect the canal, and even that, according to most of my knowledgeable military friends, said, you know, that's not enough. That was assuming that we had the PDF, the Panamanian Defense Force, there. Now, we have no Panamanian Defense Force. We were talking about here years later we're going to try and train a couple of companies, and you mean, the whole thing—it just boggles the mind that we would leave this canal defenseless.

Now, having said that, if I were a god, I would put the Inter-American Defense Board, which is the military arm of the Rio Treaty, I would ask them to take over the mission of defense of the canal and put 21 flags over the canal. At one time I had a plan to go down there and do that. The 21 countries would bring in a platoon, a company, and we would have an Inter-American Defense Force there, all speaking Spanish, and of course, part of that would be you need a very robust, vigorous, intelligence capability, because the way you stop a terrorist is not when he gets to the canal. You stop the terrorist when he leaves home and that's where our intelligence comes into it.

But they—the defense of the canal is a very difficult thing, and the impact on our economy, if it is closed, when we were down there—I don't know whether I was down there with you, Congressman Barr, but we had a ship—a dredge went down at the Culebra Cut. Panamanians had no idea how to refloat it. There happened to be an American engineer there who went over and looked at it and said, well, this is what you do, A, B, C, D, E, F, and they got it up and got it out. In the meantime we had 150 ships queued out there.

Now, Ecuador, we talked about Ecuador. Ecuador puts 80 percent of their exports through that canal, and if you don't think that's a biggy or—when you examine it country by country it's just—the impact and the importance of this canal is—it's almost beyond description.

Mr. BARR. Thank you.

General SUMNER. Long answer, sorry.

Mr. BARR. Well, it's very important—is a very important one.

Mr. Lyons, from the standpoint of United States antidrug effort, our counternarcotics effort, what is your assessment of the complete pullout from Panama of the United States presence there?

Mr. LYONS. It will definitely have an impact, a negative impact. The realities are that in the conversations this morning about this percentage of reduction of air coverage, you're talking about a percentage of reduction of less than necessary coverage to begin with. Unfortunately, the Department of Defense has several assets that are used that are being decommissioned. They've never had, in my opinion, sufficient assets to begin with, and when you have the drug issue in the position that it is at in the DOD priority list, it will never account for enough of the assets that are needed.

Quite frankly, the real hope I see on the horizon is the ROTHR Puerto Rico installation and potentially ROTHR Brazil. The other interim solutions could be some aerostats which are fairly expen-

sive, but the aerial support would not be drawn off because of conflicts such as you have now over in the Balkans or anywhere else from Desert Storm, whenever something happens. United States Customs used to be operating and based in Colombia. They picked up and went home. They are law enforcement. They could be there. They could fly. They could detect. They could monitor, and unfortunately, they're almost a non-player anymore in the source zone. So that is an entity that I think could be challenged to return to Colombia to provide the services necessary to be able to fill part of this gap that DOD just doesn't have assets for, which actually United States Customs does.

Mr. BARR. You mentioned the term "aerostat". Could you briefly describe what that is and how that might change the flight patterns of the smugglers so you could then—you can use that to kind of push them in certain directions so you can improve your interdiction capability? Can you just describe that system briefly and how it might work?

Mr. LYONS. Well, the aerostat—and I'm certainly not a technician so I have some layman familiarity with it—the aerostat is a balloon type of device that holds the radar and its own internal power system and it is tethered to the ground. My understanding is they have made some substantial improvements with the aerostat system now to where they have a Teflon cable so it does not become an attraction for electricity, electrical storms, et cetera. It can be raised and lowered depending on what the weather conditions are at the time, but what it provides is that invaluable look-down radar capability.

The traffickers—and we had in the embassy a beautiful photograph of a DC–3, one of the premier smuggling aircraft in Colombia, flying at about 800 feet above the tree tops in the jungle. You cannot see or find those airplanes without a look-down capability. We simply do not have enough military detection and monitoring platforms to provide 24-hour coverage, 7 days a week, for as long as we need it. The ROTHR will help but the aerostat gives you a look-down capability, and experts in that can tell you what the coverage would be when it's at full deployed height. That gives you the ability then to see anybody flying low.

With some new ground based radars that are in Colombia, you can see what flies high, but what the smugglers traditionally do is fly below the radar signature or around it.

Mr. BARR. Lieutenant General Sumner, do you have any concerns about the Chinese presence, and in particular, would you comment on any of the reports that certain of the provisions under which Hutchinson-Wampoa was granted the rights for port facilities on both ends of the Panama Canal, whether that might possibly be in violation of the 1977 treaty?

General SUMNER. Yes, I appreciate that question.

The legality of the treaties has been brought into question again and again, and this brings up another one, this Public Law No. 5 that they passed which is in violation of the treaties. Incidentally, the treaty is being violated right and left. The treaty mandates that you—we have these negotiations at the 1977 protocol, and incidentally, when you get looking at the treaties, I mean, this is a compendium of all the notes and all the protocols that went on, and

what we're—what we see here is a constant pattern of duplicity, of bribery.

The Chinese, because as you know we're, Bechtel Corp. or any other American corporation is constrained by the Foreign Corrupt Practices Act. We cannot go in—well, Mobil tried it and Mobil did get Rodman Storage there, but they're being accused now of violating the Corrupt Practices Act, and the Chinese are—well, they're very slowly changing the Caribbean into a Chinese lake. It's a slow process. The Chinese look at things in terms of 100 years and that's not being critical. I think that they have a long-term vision. They are looking at the choke points of the world, Gibraltar, Suez, Panama, Malacca Straits, et cetera, and here we're getting into a strategic problem.

And they have now—and you can say—and Ambassador Romero said, oh, well, they're just operating the ports. Well, they happen to be sitting there. What's the difference between a port and a base? Well, what's the definition of is? I mean, you know, we're getting into semantics here, and I think Congressman Burton, the chairman, brought that point up very, very, very definitely, and I feel sorry for Ambassador Romero trying to defend an indefensible policy.

But the Chinese are doing what they see in their best national interest, and whether it is moving in to get a grip on our canal or whether it's getting all of the weapons information out of Los Alamos National Laboratory, another thing that I'm very much involved in, the—and, you know, the Defense Department sitting here saying that we haven't even looked at this, that's such—I mean, that's dissimulation of the worst type, I think, for the committee. It's not honest with the committee, and Secretary Salazar, I've known her for years and she's trapped.

But the policy of this Clinton administration is the problem, and until we get a change in the White House, I don't think anything is going to work, and I feel very depressed and pessimistic about anything this government does with regards to Panama now, unless the Congress nails them down and makes them do it.

Now, if President Clinton wants to refurbish his tarnished legacy, this is one thing he could do. He could be the hero of the Western World and go down and see the President-elect of Panama, Mireya Moscoso, and you know, do it. But why, why isn't this important to America? I just fail to see it.

That is a long answer to your question.

Mr. BARR. Again, a very important one.

Focusing just very briefly, and I appreciate you all's indulgence, Dr. Falcoff, given your extensive background, both in the history of Panama, as well as the political dynamics of the country, is there anything that you can suggest that might be done at this point, even though it is at the 11th hour, to refocus attention with the Panamanian Government, in particular perhaps the incoming administration of Ms. Moscoso, to focus attention back on developing some sort of joint presence down there that would give us the capability to continue operating with some degree of assurance our drug interdiction efforts that, frankly, I don't think these other scenarios that were described this morning can hope to do?

Mr. FALCOFF. May I just make—I have two points I'd like to make in response. No. 1, as General Sumner said, even with 25,000 troops in the area, we couldn't assure the defense of the canal. If we were able to have something like the—whether it was the MCC, the Multilateral, whatever the abbreviation is for the antidrug center, we're only talking about a very small number of people and we're not talking about infantry-type troops. So their role will be strictly limited to monitoring the drug flights and such things.

Likewise, such a small presence could do nothing to defend the southern frontier of Panama with Colombia. That's just—it's impossible. I'm not even sure 25,000 troops, whether an Inter-American force or whether a U.S. force, would be capable of doing this. So I think it's important to bear that in mind. There are very limited things that can be accomplished with, with——

Mr. BARR. But perhaps important symbolically.

Mr. FALCOFF. Well, symbolically, perhaps. One can choose how one wishes to evaluate that.

The other thing, though, that I want to say is that I'm very doubtful that we can accomplish this in 7 months if the Panamanian Government doesn't want to go along and cannot sell the idea to its own political community. I'm not speaking of the Panamanian people. I'm speaking of the organized political community in Panama. The National Assembly has to vote on this. The largest party in the National Assembly is now the PRD, and they are not likely to give this kind of thing to Ms. Moscoso. They're going to make life as miserable for her as possible. They're going to wrap themselves on the Panamanian flag, they're going to call it—sell out to the great legacy of General Torrijos, and this will have some impact.

Now, that doesn't mean, I suppose, that one shouldn't try, if that's what one wants to do, and let me add an additional point. I believe, the reason the Panamanian Government wanted 3 years rather than 12 years is quite obvious. They plan to shake us down at 3-year intervals.

I don't know how often you've talked—I suppose you, Congressman Barr, because you had a personal history in Panama, you've probably talked to more Panamanian politicians than most Members of the United States Congress. I had nine members of the National Assembly in my office the other day, and I could not quite believe what I was told. I was told repeatedly the United States had been so terribly selfish in Panama, we'd given Panama nothing, I mean, and that people from other Latin American countries come to Panama and they're astounded that there's poverty in Panama. "How can there be poverty in Panama when you have been so close to the U.S. all these years and you had this U.S. presence?" This was the mantra that was recited to me.

You see, one other dimension of this is the controversy over the cleanup of the ranges. You know, it's actually impossible to get every last piece of unexploded ordinance out of those ranges, and if you ask me, it's a good thing we can't because that assures some protection for the environment in the area of the watershed around Lake Gatun. But in any event, as you probably know, there's a controversy over this. Does the Panamanian Government really want

to clean those ranges up? Not on your life. It's an excuse to shake us down.

Now, in all defense of the administration, I think a 12-year demand for at least an opening negotiating gambit was reasonable. Three years means every 3 years we'll go through what we went through with the Philippines. Finally, the Philippines raised the bill too high, and you saw what we did.

So, I mean, there's a whole politics to this in Panama that we will have to get over. We can make our approaches. If we go to President Moscoso—if President Clinton goes to President-elect Moscoso, we might come out with a deal. It will cost a lot more than you think it will if we're the ones who are asking for it now.

Mr. BARR. General.

General SUMNER. But it will cost us less than the hundreds of millions that it's going to cost us otherwise, and I agree with my colleague here, Dr. Falcoff, and his analysis of the political situation down there. It's going to be difficult, but just because it's difficult, we should try.

Now, about Howard Air Force Base. I think that—some of the World Bank people have come to me, and they would, you know, the last thing Panama needs is another international airport to come in as underutilized. Now, we're giving them—and I don't know how you'd put a figure on Howard Air Force Base, but it probably—if it's not in the billions of dollars, it's in the hundreds of millions. That facility is a strategic base and it's got just—you know, we just put a $20 million hospital in there, brand new, which we're going to turn over to them.

But the World Bank people looked at this in their private capacity, and they said what the United States should do down there is put in Ellis Island South. We've talked about the drug problem, we've talked about the immigrations problems, the customs problems that we have in New York, in Miami, et cetera. Their suggestion was, let's take Howard Air Force Base and establish an Ellis Island South and have all the air traffic come in there and have the INS and the Customs people do their things there and then let them come on to the United States, use that base, and that would give us a United States presence there, not military. You know, we don't have to have a military presence. It'd be nice, but I think as Dr. Falcoff has indicated, it may not be possible.

But there are, there are other things that I think—and incidentally, I understand, and I won't say which Panamanian, but a very, very influential Panamanian came to the World Bank with this idea, and there are other things, but you have to have the will, you have to have the vision and you have to have the security interest of this country at heart. I don't see that——

Mr. BARR. Or at least some understanding of it.

General SUMNER. Some understanding. I don't see that with the Clinton administration. I think they are—my Panamanian friends say why doesn't the Clinton administration want a United States military presence in Panama, and I say, hey, the Clinton administration doesn't want a United States presence in the United States. So, you know, you've got a very fundamental attitudinal problem here.

And you know, the oligarchy, back to political, the oligarchy, the Rabi Blancos in Panama, they see this as, you know, I showed you the dry canal, they're looking at a closed canal, and they look—you know, they're the Phoenicians of the Western World, and they see their economic well-being going down the drain.

Now, a politician like Mayin Correa, and I assume she was re-elected.

Mr. FALCOFF. The mayor of Panama City.

General SUMNER. The mayor of Panama City, she wants—she understands this, and so we have, we have all these, you know, it's the politics of politics here, and it's something that I hope that this hearing, and we can get something out to the American people.

Mr. BARR. Well, we hope so. Of course, we're hopeful that the hearings over in the Senate almost a year ago would and they don't seem to have much impact either. I mean, I think we can all agree that political situation in each country is unique to a large extent or there are certain regional cultural aspects that we can identify in certain parts of the world, but I understand, Dr. Falcoff, what you're saying, you know, you have to look in the entire history of how the United States-Panama relations played themselves out in the central role of the canal and it certainly complicates it.

I think what's perhaps most mystifying to a lot of us is the fact that this whole process sort of went forward without there seeming to be any sort of commitment to really try and make it work, to use, as the General said, some vision and understanding of the dynamics of the situation here, and that's what's really a shame.

If we found ourselves at this point in time, just a few months from the complete turnover of all the remaining facilities and we could look back and say we tried everything possible, we looked at all the options, we talked with everybody that we could, we didn't leave any stone unturned and still there was no way to do it, that will be one thing. Those things happen in international affairs. Sometimes you simply cannot reach an agreement.

But I don't think we're at that point. We're at this point now in the 11.9th hour and we look back and there seems to have been no commitment to really explore the various options in a way that if there was some concept by this administration of the importance of the canal, and very honestly, to some extent, I think it predates this administration, too, but as with so many things, they've sort of taken it to a new level. There just doesn't seem to have been that commitment to try and work things out, and I think there was frustration on the part of the previous Ambassador who I think I was very genuinely trying to work something out and get the parties together and so forth. That's what is very frustrating.

If I could just ask one final question, it's a little bit off of our track here, Mr. Lyons, but taking advantage of your being here and being very familiar with the antidrug efforts, not just in Colombia but in the entire Andean region. You're very familiar, I know we discussed it down there and have discussed it up here, the Peruvian shoot-down policy which had been very, very effective for the last couple of years, tangibly effective in terms of the cutback in the amount of raw coca leaving the country.

It's my understanding that because of a lack of good intelligence and failure of the United States to provide timely upgrades to

Peru's pursuit aircrafts, which I believe are just two A–37's, the shoot-down policy has been essentially halted. Is that your understanding, and if so, what are the consequences of that?

Mr. LYONS. Well, the—over the years the intelligence provided, I believe about 98 percent of it came from intercept operations managed by DEA and in country with Peruvian National Police, that provided the early tipoff warning to preposition and stage the intercept aircraft, and then the in country aerial assets to intercept and track so they could then vector in the Peruvian interceptors. That's the other two components necessary.

Finally, the Colombians, primarily, and some Brazilians, pilots, that were flying in figured out that this is what is getting them caught, their communications over their radios. So they have invoked what amounts to as a better OPSEC, operational security, and are communicating far less. So that early warning is not there.

There are just simply insufficient look-down radar capabilities in the area to be able to cover that huge area, to be able to provide early warning based on a track. We don't know exactly how they're operating. I believe the flights are still coming into Peru. They are most likely landing without communicating, and instead of trying to time their event to where the cocaine base or, in most cases, bases is ready for pickup when the plane arrives, they load it and it leaves immediately, the plane will come in and wait until it's ready. This way they don't have to communicate. They can come in, get a visual signal that it's safe to land, and they can stay on the ground until it's ready, and then they can leave and it requires no communications.

That, I believe, is the most likely scenario. We don't know for certain, but in any event, the movements, I believe, are still continuing without substantial communications. So, the inability to have sufficient aerial radar detection platforms, and DOD just simply doesn't have enough of them.

And in the foreseeable future——

Mr. BARR. When you speak about those platforms, what do you have in mind in particular? P–3's?

Mr. LYONS. Well, there's P–3's with domes. There's the AWACs that are able to look down. There's tremendously complicated sophisticated systems that get diverted every time there's a hiccup some place else in the world and for very good reasons. However, that leaves you then with less capability.

Mr. BARR. Sometimes there are good reasons, sometimes there aren't, but your point is well taken.

Mr. LYONS. In any event, they're always a competing resource. Quite frankly, the shift to the ROTHR is a very welcome addition to this. I just wish that the Puerto Rican ROTHR would come on line sooner. I understand now it's projected for January, this coming January, which will help tremendously, but it still doesn't overcome the need to have a tracker aircraft to be able to go find that initial blip on the screen, verify what it is and then be able to vector in the intercept aircraft.

And then—I know that there's work going forward on the upgrades to the A–37's and the potted radar that will go on that aircraft to be able to assist it in finding, detecting and staying with the target aircraft, but again, that whole project is held up in the

contracting process, and it may be a year to a year and a half before you actually see the upgrades on the ground in those two countries, Peru and Colombia.

Mr. BARR. Thank you. Before we break, I'd like to recognize in the audience Ambassador David Jordan. We appreciate your joining us, Mr. Ambassador. Ambassador Jordan served as United States Ambassador of Peru in the mid-1980's and is very, very familiar with and has been a very able and eloquent spokesman for many of the issues we're dealing with today. We appreciate your joining us, Mr. Ambassador.

Did you have a final comment, General?

General SUMNER. I was going to call attention to the fact that David Jordan, the Ambassador David Jordan was here. In that connection, you know, we had the Committee of Santa Fe which, one, two, three and now we're thinking about Committee of Santa Fe four to lay out policy for the Presidential candidates next year because I think our total policy to include the pseudo-drug war in that unresourced war, I think this whole policy has got to be reversed, and I would hope that in the new millennium we will see a reversal of this policy because we're losing the war, and I don't think you can put—you can get into the semantics all you want to, but we are losing the war. We may lose our economy, and I don't think the American people have any idea what's going on.

Mr. BARR. Well, we certainly appreciate the efforts of all three of you. We know that you've been out there fighting in a lot different arenas. We very much appreciate it. We appreciate you all being here today to share your thoughts with us. We will leave the record open for 2 weeks for any additional questions to be submitted, and if you all have any additional materials, your written statements will be included. Anything else you'd like to bring to the committee's attention and make them part of the record, please get it to us within the next 2 weeks.

We appreciate it very much, and if there are no other questions, the hearings are hereby adjourned. Thank you, gentlemen.

[Whereupon, at 1 p.m., the subcommittee was adjourned.]

[Additional information submitted for the hearing record follows:]

UNITED STATES GOVERNMENT
Memorandum

DEPARTMENT OF THE TREASURY
UNITED STATES CUSTOMS SERVICE

DATE: December 2, 1997

FILE: ENF 1:OI:AI:AV:SC:DT

TO: Director, Air Interdiction Division

FROM: Acting USCS Advisor to CINC Southern Command

SUBJECT: P-3 Deployment Cost Differentials

The operating cost differential between P-3 operations in Lima, Peru and Howard AFB, Panama for the November and December 97 deployments came to $2,200.00 per day per 13 man crew. This represents only M&IE costs and not the added associated aircraft costs as they relate to flight hours. Assuming an 8 day deployment, differential costs would climb to $17,584. When projected as a yearly rate, assuming 1 deployment per month, the differential soars to $211,008. Total M&IE yearly budget for the P-3 program is $960,000! Therefore, this differential represents 22% of that budget. The cost breakdown follows:

8 Flightcrew members 3 Mechanics 1 Aviation Group Supervisor 1 Intelligence Analyst

	Howard AFB	Lima, Peru
Hotel:	$75.90/Day/Person	$148.00/Day/Person
M&IE	$54.00/Day/Person	$ 98.00/Day/Person
Rental Car	$32.00/Day x 5	2 Rental Vans: $400.00/Day
		MAC Station Chief: $450.00/Day
Total:	$1,850/Day/Crew	$4048.00/Day/Crew

This differential is significant with the potential loss of Howard AFB because all deployments post 1999 may be forward deployed to locations South of Panama. My concerns have been conveyed to The Panama Quick Look Study Cost Study currently underway at the Joint Chiefs level. This study is currently looking at options for Southern Command should the Panamanians choose to disallow the building of the Multinational Counter Drug Center in their country.

My recommendations to both CNAC and AID have been to continue with the December deployment to Lima utilizing Customs funding. All 1998 forward-based deployments should be viewed as an additional tasking requirement from JIATF-S. Therefore, DoD should cover the differential costs associated with that requirement. I feel that this is a legitimate request since Customs will most likely absorb the entire differential for November and December.

cc: Steve Barnes
Gary Gingrich

COMMENTARY The Washington Times SUNDAY, MAY 10, 1992

F. ANDY MESSING

Changing face of Panama

AMIRAFLORES LOCKS, Panama At the Marine Traffic Control Center, a computerized scheduling complex regulating the flow of ships through the Panama Canal, technicians adroitly move 36 to 40 ships between the Atlantic and the Pacific on a daily basis.

A remote day-night TV camera, one of 30 which spans the entire 50-mile length of this 1914 engineering marvel, pans in on a late April tire-burning and traffic stopping demonstration in Colon on the far Atlantic side. One of the tecnicians exclaims, "Demonstrations, Panama's national past-time." Last week, Colon's demonstrations turned into two days of full-scale riots with demonstrators, many of whom were arrested, demanding a solution to the problems facing the country.

Since the depusing of former Gen. Manuel Noriega, increasing street turmoil, a constant stream of comment on radio talk shows, and pointed opinion in the local press abounds about Panama's future vis-a-vis the United States.

Socioeconomic and political problems are expanding with a rapidly increasing population fed on visions from modern television and First World trade cutting literally through their country. The core of concern is whether Panama's primary income-producing resource, the canal, will be able to maintain and modernize itself while affording the World Maritime community a cost-effective means to transit under their full governance starting Dec. 31, 1999. Raymond Laverty, the first U.S. deputy administrator in the joint U.S.-Panamanian Treaty enacted in 1979, said "The challenge has been met to educate and motivate Panamanians working for the canal; the real challenge will be the administration and managing of the canal by the government."

Today, a full 88 percent of the work force is Panamanian. Canal improvements are evident in improved lighting, computer systems, new tugs and locomotives, and even canal widening. Of the original equipment, 90 percent appears maintained and functional despite continuing usage. The commission's position is that on the turnover date in 1999, the canal will be working — and better.

The veiled worry of all is that, at that time, the Panamanian government will superimpose its will with a "Rob Peter, to Pay Paul" philosophy to address burgeoning problems. Many point to properties already transferred to their control, albeit during Noriega's regime, such as rail and housing tracts that have been ruined through mismanagement. This, coupled with a possible steep rise in toll fees to what is referred to as "The outer limits of Elasticity," may trigger trucking-rail options through the United States and Mexico. Actions such as this could conceivably cripple Panama's ability to enhance its fledgling democracy, if not just to keep it.

Further complicating Panama's future is the re-emerging drug war. Our top foreign diplomat, U.S. Ambassador Deane Hinton, states that while there have been "remarkable successes . . . the problem is overwhelming!" Current resources are slow to materialize and adequate funding is hard to come by at the action-combat level as described by our engaged U.S. military and anti-drug agents.

Panamanian Vice President Guillermo "Billy" Ford complained that a recent ABC "20/20" program gave the impression that the current government of Panama was involved in this illicit activity. He went on to emphatically state that, "Panama neither promotes nor condones the drug trade."

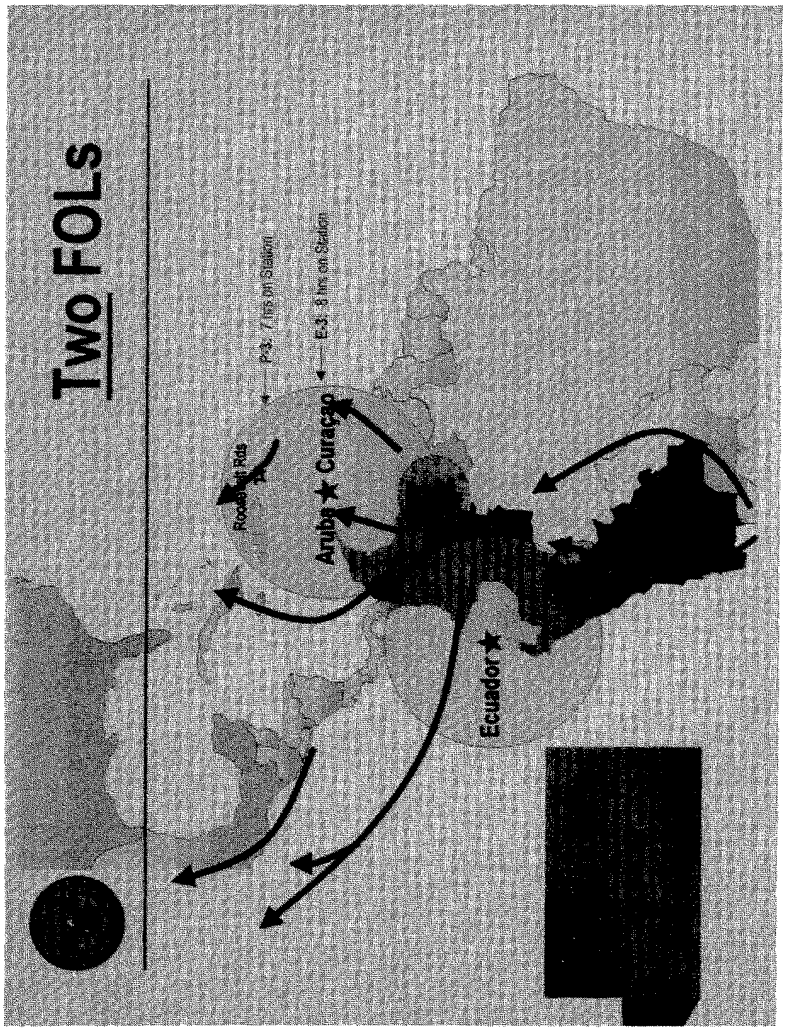
Unfortunately, the disorganized state of their current government, combined with our own lack of a "Gulf War" type of attention on the Drug War, lends to a multitude of negative dynamics. One such consideration is the country falling into a Phase 3 narco-guerrilla conflict, or complete anarchy, such as the situation in Peru. With our military forces being ejected by the treaty before the turnover, security will become an added concern.

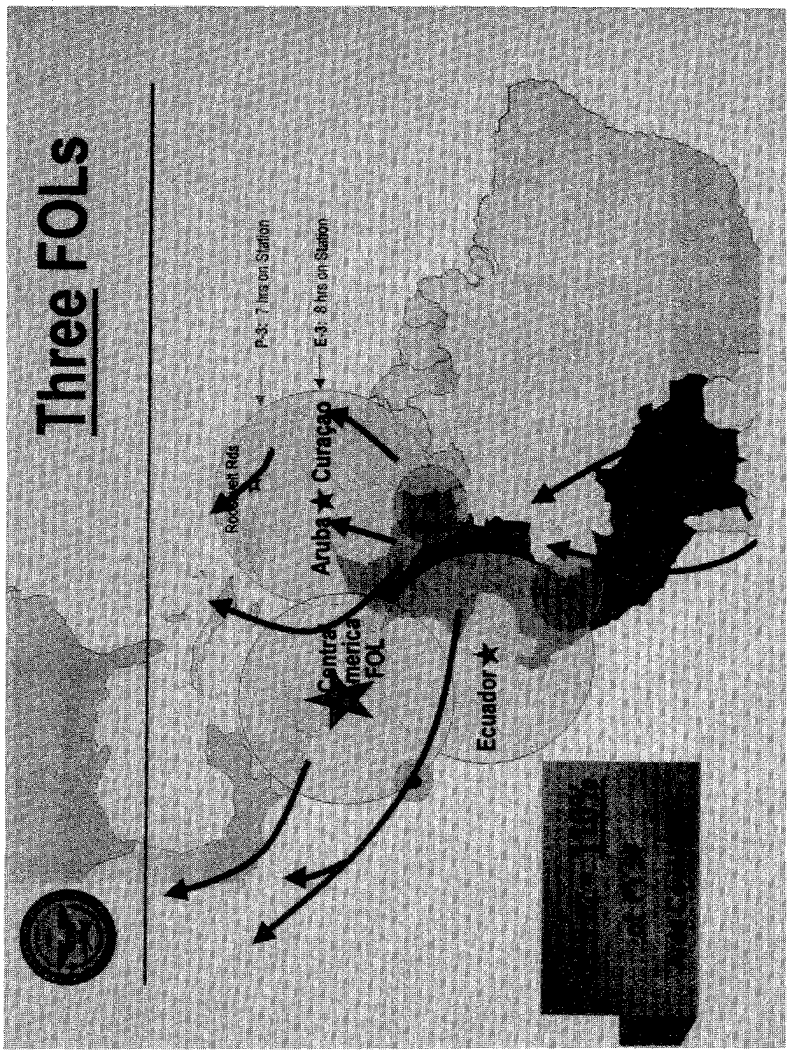
The disarray of the current Panamanian government is partly their fault, and largely other reasons. Actors like Noriega and his successors did little to inculcate a democratic and fair free-enterprise base. Accordingly the general population is having a form of economic shock therapy as the current ruling group privatizes and desocializes everything it can get is hands on. Temporarily gone is the exaggerated patronage system, leaving thousands unemployed and volatile.

Further aggravating this, Panama's nomenklatura is working furiously behind the scenes to consolidate its economic hold on the major engines of business. All this, with the ethnic Chinese leading the way. This is being done with a rush to short-term profits, as evidenced with "slash and burn" farming, and overharvesting of lumber. Ironically, the latter affects the watershed required for operating the canal's waterways.

As the year 2000 approaches, and realizing that canards about getting "Our Canal" back through nebulous legal means are circulating in the direct mails, the United States should be revisiting the issue on this vital part of our hemisphere. Not only is the welfare of the peoples of that region at issue, but the jobs of many of our fellow and future Americans.

F. Andy Messing Jr. is executive director of the National Defense Council Foundation


Two FOLs
Aruba ★ Curaçao
Ecuador ★


Three FOLs
P-3: 7 hrs on Station
E-3: 8 hrs on Station
Aruba
Curaçao
Central America FOL
Ecuador